

Environmental and Social Data Sheet

Overview

Project Name:	ETAP SOUTH TUNISIAN GAS
Project Number:	20120053
Country:	<i>Tunisia</i>
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.

EIA required: yes

A total of five environmental impact studies and the associated approvals are required for this project. The studies have been completed and are now pending approval. Social impact studies have also been undertaken.

Project included in Carbon Footprint Exercise¹: yes

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

Summary of Environmental and Social Assessment, including key issues and overall conclusion and recommendation

The project is required to complete environmental impact assessments (EIA) and social impact assessments (SIA) per Tunisian legislation. The required environmental impact assessments have been completed: one for the central processing facility and production (CPF); one for the gas treatment plant (GTP), one for the condensate pipeline and two for different sections of the gas pipeline; two social impact assessments have also been done covering the parts of the project that take place in inhabited areas.

There is not a single report summarising the cumulative impacts of the project, however each report does note that the analysis has been carried out within the context of the whole project. The competent authority has confirmed this approach, which is linked to the fact that the project merged two previous projects that had already commenced baseline studies on the separate components. The content and methodology of the assessments is acceptable to the Bank.

The main environmental impacts typically arise from drilling and construction activities. The majority of the project's activities take place in uninhabited desert zones. The project must comply with all national and relevant international emission limits and safety rules relating to hydrocarbon production projects. The lead promoter (operator), an EU company, has strict requirements for managing health, safety, social and environmental issues. The main disturbances (mainly noise and traffic) to communities will be limited to the duration of the construction period. The GTP is located in an industrial zone of a city, and in normal operations should not create adverse impacts.

¹ Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO₂e/year absolute (gross) or 20,000 tons CO₂e/year relative (net) – both increases and savings.

The environmental and social procedures employed by the operator are considered to be appropriate and in line with the requirements of the national legislation, relevant international legislation and good global industry practices (which take into account EU standards). The results of the EIAs do not identify significant negative residual impacts on the environment. The environmental capacity of the operator and the likely low impact from the various components make the project acceptable for EIB finance, subject to fulfilment of conditions. The Bank's finance contract will require both promoters to confirm that the necessary environmental authorisations (which also cover social aspects) as well as approval of the environmental management plans have been received prior to the disbursement of the Bank's funds. Moreover, the promoters have to ensure that the requirements of the environmental and social impact assessments, the environmental management plans, any resettlement plan/action (if any) and the respect of core ILO labour standards are a mandatory part of construction contracts.

Environmental and Social Assessment

Environmental Assessment

The main legislation governing environmental assessment in Tunisia are Law no. 99-93 of August 17th, 1999 (and amendments) and Decree no. 2005-1991 of July 11th, 2005.

The environmental authorisations are still awaited, but the impact assessments demonstrate content and methodology that is acceptable to The Bank. The assessments were carried out per Tunisian law also incorporating the requirements of the African Development Bank and the operator. Most of the project's construction and implementation will take place in the uninhabited desert which already accommodates other petroleum activities. The scale of the project is such that it will be a means to decrease the need for further major pipeline construction for a certain period whilst still allowing the petroleum resources of the region to be developed.

A summary of the key risks and impacts from each study are presented below:

Central Processing Facility: the main impacts will occur during construction and are related to noise, traffic movements, dust, atmospheric emissions, disturbance to local flora and fauna. Given the desert location and mitigation measures proposed the overall cumulative negative impacts are assessed to be low. During the operations phase, the potential impacts will be contained within production centre and its immediate surroundings.

Condensate Pipeline: the main impacts during construction will be the pipe-laying and the hydrostatic testing. Temporary impacts on fauna are possible, but given that the zone containing the type of fauna found is extensive, it is considered that the impact will be negligible. The other impacts of noise, water use and emissions will be managed carefully. The hydrostatic testing of the pipeline will be managed so as to optimise water use (e.g. by pigging water through the pipeline), prevent leakages and ensure treatment of water before any discharge (via evaporation pools). During operations, given that the pipeline is buried, a key risk is that of leaks. This will be managed through the planned maintenance and monitoring programme.

Gas Pipeline: the main impacts are similar to those of the condensate pipeline, but of a larger scale given the pipeline's length. The pipeline routing has been selected to utilise existing pipeline corridors as much as possible to mitigate risks and does not traverse any protected zones. In addition, given the pipeline will pass through some inhabited and agricultural areas close to Gabes, public dialogue and compensation for rights of way will be required. Tunisian law sets out a framework for such compensation; however, this issue may delay certain sections of the pipeline.

Gas Treatment Plant: this is situated in an industrial zone close to an existing similar facility. The impacts during construction will be from noise, traffic, emissions and waste management. These can be mitigated to a degree through good project management. During operations, there may be atmospheric emissions of gas during maintenance, these will be infrequent and of limited quantities.

Social Assessment

The social assessments have been carried in order to have a baseline to communicate to construction contractors and set standards for them to follow, for the promoters to ensure that the proper management is in place and for stakeholders to understand the project and provide feedback to the promoters.

A summary of the key risks and impacts from the social studies are presented below:

Gas Pipeline: there are no significant negative health and social impacts expected. However, during construction in inhabited areas there are impacts due to noise, waste, and emissions. Health risks due to the arrival of temporary workers and traffic are also noted and need careful management. The analysis emphasises the need for continues dialogue with the local stakeholders to ensure successful implementation and operations. The pipeline will provide some economic stimulus, especially during construction.

Gas Treatment Plant: the conclusions for the study are that the investment will bring a certain level of additional economic activity to the area both in construction and operations. The social impacts during construction e.g. health risks due to noise and emissions need to be well managed.

The social impact assessments have been undertaken in and around Gabes, including public consultation. The net social impact is considered to be positive given the increase in economic activity due to the project.

Public Consultation and Stakeholder Engagement, where required

In April 2012, after threats of a general strike the Tunisian government unilaterally decided to change the route of the pipeline to pass through the city of Tataouine and construct the gas treatment plant in Tataouine. Following this declaration, work was suspended on the project, given that such a change would render the project unviable. After discussions with all stakeholders, in February 2013, the Tunisian government decided to retain the original routing and the gas treatment plant at Gabes. The local promoter on its own account will construct a pipeline and small LPG facility in Tataouine as a consequence of this agreement. The operator has commenced local vocational training as means of better engagement and preparing for the project's implantation and operations.

Given the history of the project and requirements under Tunisian law, stakeholder consultation has been carried out and recorded in the impact assessments. The project's scale and importance in Tunisia means that it is under scrutiny, but also strongly supported by the authorities. The promoters are very conscious of their social obligations; these are primarily related to compensation for the pipeline's right of way and mitigating the demands of the local governorate(s) for investment and employment whilst ensuring the delivery of a well-managed project.

EIB Carbon Footprint Exercise

The project's source of CO₂e emissions is from the consumption of natural gas and diesel for operations and fugitive emissions from the pipelines; these equate to 39 kT CO₂e/y. In addition, it is assumed that all the gas produced will be burned to generate power; these emissions equate to 1527 kT CO₂e/y (outside the project's boundary). The alternative to the project would be to use heavy fuel oil and distillates instead of gas for power generation. The combustion of the gas equivalent amount of these fuels oil would result in emissions of 2870 kT CO₂e/y. Therefore the relative emissions are estimated at -1343 kT CO₂e/y.

For the annual accounting purposes of the EIB Carbon Footprint, the project emissions will be prorated according to the EIB lending amount signed in that year, as a proportion of project cost.

Other Environmental and Social Aspects

The operator's Health, Safety, Security and Environmental Management System is in line with international standards such as ISO 14001 and OHSAS 18001.

Luxembourg, 17/12/2013

The operator's Human Rights Policy sets out the principles of the operator's understanding of, and responsibility for, the protection of human rights within the business environment. In accordance with the commitments of the UN Global Compact, the operator respects, fulfils and supports human rights within its sphere of influence, as well as seeking to avoid the risk of complicity in human rights violations. The Human Rights Policy is the umbrella for the management of human rights issues for the operator's activities.

PJ/ECSO 10.07.12