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CEE Bankwatch Network's mission is to prevent environmentally and socially harmful impacts of international development finance, and to promote alternative solutions and public participation.

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WinSTAR WARS

Winstar oil and gas fields in southern Tunisia

In 2013 Winstar Tunisia B.V., a subsidiary of Serinus Energy incorporated in Canada, obtained a USD 60 million loan from the European Bank of Reconstruction and Development to develop four oil and gas fields in southern Tunisia: one in the Kebili governorate and three in the Tataouine governorate. The bank describes the project as having the potential to generate positive transition impacts for the country by setting higher environmental, health and safety and social standards.

In March 2015, CEE Bankwatch Network conducted a fact-finding mission to Tunisia and met with local authorities, civil society representatives and labour unions in the two southern provinces. Bankwatch identified a number of affected people's concerns with the implementation by Winstar Tunisia of the EBRD's environmental and social standards.

The problems identified in the testimonies

- Lack of clear and agreed standards for labour relations and effective dialogue between workers and Winstar Tunisia in the Tataouine governorate;
- Limited awareness of local authorities and workers about the existence of the EBRD loan to Serinus Energy and a limited understanding of EBRD policy requirements towards the client;
- Unavailability of information and reports on water usage as well as on waste water management at the operations sites;
- Complete lack of transparency on operations in the military zone of Tataouine and non-existent procedures for providing stakeholders with up-to-date information and documentation about the operations in the military zone.

Labour rights and working conditions

The meeting with the Union of Tunisian Workers (UTT) and civil society leaders in Tataouine confirmed the ongoing conflicts between the workers' union and the company that began in 2012. The UTT complained about the poor dialogue with Winstar Tunisia as well as the difficulties in establishing effective working relations with them.

While the EBRD claims that numerous meetings with trade unions have been held since the approval of the project, according to an UTT representative, the last meeting between UTT and Winstar Tunisia took place on 19 August 2013. Winstar Tunisia has not followed up on the commitments of the meeting including an increase in salary and travel allowances as well as the disclosure of the company's labour relations standards for comments to the union¹. According to the testimony, the company has refused to hold any meetings or discussions with the UTT, as the UTT continued to demand the introduction of an organigram, salary sheets and as well as the direct recruitment of employees. On the recruitment process, the UTT also complained about problematic contracting practices of oil and gas companies in Tataouine, including Winstar Tunisia, involving subcontracting of some staff through private intermediary companies, a practice prohibited by Tunisian labour policy.

With respect to working conditions, the unionists expressed concerns about the water available to workers during their time on the concessions. According to the testimonials, the workers are using water transported by trucks to the concessions for their daily consumption, because the water from the wells is used for drilling operations and not trusted by the workers. However, water trucks cannot be relied on, as they often do not arrive on time. At the same time, workers have expressed concerns because of a lack of periodic medical check-ups, poor housing conditions on the sites and occupational safety risks that they claim result from not being provided with all the necessary equipment to perform their required work duties. They claim the

risks are heightened with the subcontracted non-employees.

Stakeholder participation, transparency and access to the militarised zone

According to the EBRD, Winstar Tunisia has provided information on the project to local stakeholders and engaged them on the social and environmental impacts through meetings and community relations program.

Bankwatch meetings in September 2014 and March 2015 with stakeholders from the Kebili and Tataouine governorates, including the Governor of Kebili and representatives of the Kebili and Tataouine water management authorities and the UTT in Tataouine, revealed that there local authorities have no knowledge of the EBRD loan to Winstar Tunisia and no understanding of the conditions and obligations for the company that come with it, including the need to consult with local stakeholders in a timely manner and provide them with transparent information about the development of the project. To this end, local stakeholders expressed concerns about the lack of information provided by the company to local authorities about the company's operations, including information on water usage and water management.

Moreover, the Environmental and Social Action Plan (ESAP) summary is not available on the Serinus Energy website (as of 10 May 2015) as required by Art. 14 of Performance Requirement 10, and the ESAP has not been disclosed by neither the company nor the EBRD after a request from Bankwatch.

Winstar Tunisia holds most of its concessions (three out of four fully owned by Winstar Tunisia) in the military area in the south of the Tataouine governorate: Chouech Essaida, Ech Chouech, Sanrhar. The main barrier in monitoring workers' conditions, water quality and water management (all water wells used by Winstar belonging to those concessions are located inside the militarised zone), is the impossibility for independent observers to obtain passes to the area. Bankwatch is concerned about the

¹ Copy of agreement available upon request.

intentions of Winstar to provide access for independent monitoring of its operations in the area given the company's lack of response to repeated Bankwatch requests to facilitate water tests in the southern region of Tataouine.

Recommendations

Given the problems identified in the testimonies, the EBRD should ensure that:

- Winstar Tunisia establishes effective dialogue with labour unions and settles the labour relations standards, working conditions and other conflicting points;
- Winstar Tunisia contracting practices are in line with national legislation and EBRD requirements;
- Serinus Energy and Winstar Tunisia disclose the ESAP and information about the implementation of the ESAP and demonstrate transparent communication with key stakeholders in Tunisia, including local authorities and labour unions in Kebili and Tataouine;
- Winstar Tunisia establishes a dialogue to provide local authorities and civil society with periodic information about its operations in the military zone; and
- The company establishes a procedure through which an independent third party, such as the CRDA in Kebili and in Tataouine would be able to undertake sampling and testing of underground water quality.

Moreover, Bankwatch recommends that the EBRD conducts an independent observation mission in the militarised zone. As part of such a mission, Bankwatch recommends that the EBRD:

- Consults representatives of the local governorates in Kebili and Tataouine and with labour unions in the two regions (UGTT and UTT);
- Organises a special information meeting targeting the nomads that traditionally use the territories where the Serinus Energy/Winstar

Tunisia concessions are located in the Tataouine governorate and include local stakeholders in the assessment of the implementation of the ESAP by Winstar Tunisia;

- Demands that Winstar responds to and supports third party monitoring of the company's operations, facilitating access to the operation sites.