

THE EXCLUSIVE

Lebanon's Energy Pulse
Extensive Editorial Supplement

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PHOTOGRAPHY

WHY NOT, LEBANON?
REALLY, WHY NOT?
THE ARGUMENT

SUCCESS STORY:

While the world was on pause, he pressed FFW

15-16 APRIL 2021:

THE FUTURE OF
INFRASTRUCTURE

"Creating opportunities for a better tomorrow"





What type of adaptive measures the company / project needed? What were the lessons of this period?

The general mobilization took a toll on the whole supply chain in the energy and transport sector as businesses were ordered to close and mobility became scarce. From importation, storage, and transportation, to retail sales at gas stations, deliveries to SME's and homes etc., we faced disruptions in all aspects of our business. The first level of defense was to ensure our continuity throughout this unprecedented period. We started re-adapting our operations internally. On the level of employees and operations, we implemented very quickly the work from home concept, and set up systems to ensure continuity and efficiency. From video meetings to close follow up, we were able to ensure a smooth operation, from our supply departments to servicing orders for clients. As for building and attendance, a crisis committee was immediately formed to ensure the health and safety of the Group. We closed our HQ for the first three weeks, then opened up with a third capacity, and eventually went back to normal operations. However, this was heavily coupled with several health and safety guidelines. Mostly included the provision of gloves and masks that became mandatory on work sites, abiding by social distancing etiquette, constant washing of hands, disinfecting the buildings constantly, and lately the addition of the disinfecting fog machine for all people entering the building.

We insisted on close and constant communication with our teams to ensure they are following the guidelines set and start forming new habits. In terms of dealing with our clients, we stopped cash dealings and resorted to bank transfers to minimize physical interactions. As for stations and distribution, we had to keep following the guidelines imposed by the general mobilization, which included shorter and disturbed operating hours and closure of washing services, among other restrictions. These limitations led to a large slowdown and a drop of over 60-70% in sales. We had to quickly rethink our staffing schedules to ensure continuous service within the measures imposed. These measures led to further disruption in our importing schedules with our international suppliers, as the decrease in demand meant an unexpected low turnover in product and full storage capacity. This meant we had to turn to suppliers to renegotiate our supply schedule for that period.

What is the status of your current project(s) and investments planned for 2020-2021? Which are the advantages of your business and products, going forward? What are your expectations from the public sector, state projects to support future business?

The general mobilization period unfortunately was not the beginning of the difficult period for IPT, but it did compound it. With Lebanon facing deteriorating economic and political circumstances as of October 2019, IPT, as for the rest of the energy sector, has slowly started seeing alterations in the business medium. Our business model had to come to



"WHAT LEBANON NEEDS TODAY IS A COMPREHENSIVE REFORM PLAN THAT REVIVES ITS ECONOMY AND SOCIAL STANDARDS"

"IPT (Issa Petrol Trade) gets people and businesses moving. We offer premium oil and gas solutions in addition to a wide variety of services. At IPT we fully understand the energy and environmental challenges of today's rapidly changing world."

a quick change, while abruptly becoming an upfront payment type of business to our suppliers, we had to impose the same on our clients. Rather than providing customers with financing options which we also had previously, the cash cycle has become a quicker one that ultimately relies on prepayment to avoid disruption of supply.

This now means that for the time being and as the Lebanese business landscape remains unclear, we had to freeze most of our expansionary projects. Our focus now is to consolidate IPT Group in its size today and continue to service our clients through the best of our abilities. Our reach across Lebanon will allow us to persevere, be it through our expansive network across the country, or through our owned fleet system that can ensure proper coverage. After all, the advantage of our business lies within our product; fuel is a primary resource that remains indispensable.

Expectations in the near future unfortunately do not hold much promise when it comes to the private sector in the energy and transport sector, given several complications and issues the companies are facing in light of the financial crisis and the deeply entrenched political problems governing the country. We are facing complications and pressure negatively affecting our sustainability, especially that the relationship between the private and public sector has not recently been at its best. There are several points of view on the role of either in the sector in Lebanon today, whether the public sector takes charge of importation for the country, or whether the sector remains with private companies in the future. The struggle remains, as it is worsened by the political divisions over this vital commodity for citizens and an essential tool for

countries' strategies.

What transformations you expect in your sector, their effects for the Lebanese economy and in a regional perspective?

As the exceptional circumstances have been dragging on since October 2019, it became very clear that as the general mobilization period gets lifted progressively, Lebanon would not go back to normal. The closure due to the pandemic slowed things down, but accelerated the deterioration of our economic and social conditions in Lebanon even further. For the energy sector, we face issues on two ends: demand and supply. On the demand side, we are seeing decreases in sales and demand for fuel, especially as more businesses are closing, less construction is happening, among other factors. We are also not confident that the state will be able to keep subsidizing the fuel sector by providing dollar liquidity for most of the shipments at the rate of 1515L.L. while the market rate today surpasses 8000L.L. On top of that, we are expecting additional taxes on gasoline and diesel that should be part of the government's reform plan in coordination with the IMF, which will increase financial strains locally and further decrease purchasing power. On the supply end, the constraints keep getting tighter: it has become almost impossible to open guaranteed letters of credit and our payment methods vis-a-vis international suppliers can only be executed through the central bank. Banking issues tend to slow down and disrupt the importing process. Given the economic situation today, we do not foresee an improvement in our financial system nor an improvement in confidence with international entities. One main transformation that has begun is the gradual difficulty of having and keeping foreign workers on gas stations, facilities, and terminals

Interview with Dr. Toni Issa, Vice Chairman – IPT Group

. With the dollar becoming more inaccessible and transfers almost impossible, we are seeing a vital need to replace our service employees. In light of this, IPT launched the unprecedented and responsible initiative to hire Lebanese workers, believing in the social responsibility towards our country and fellow Lebanese citizens. We wanted to change the old-school beliefs that fuel stations have to rely on foreign workers and open up new work opportunities for our local workforce. A confirmation of the necessity of this initiative came through the very high number of applications we received. In less than a week, we had received over 1,500 applications from all ages and regions, men and women alike. This showed us the change in the mindset of Lebanese people as the social and economic backdrop is getting tougher and unemployment keeps on rising. We have already launched three stations that offers 100% Lebanese service, and we are underway to open up another three in the near future. Eventually, we expect most of our stations to become serviced by the Lebanese workforce. The unexpectedly high number of applications received from all areas of Lebanon and of all age ranges allowed us to form an extensive database of Lebanese looking for employment. We decided to expand our initiative and reach out to our partners and franchisees of other IPT stations to encourage them to do the same, in the hope of spreading this over Lebanese territories and creating as many opportunities as possible for the Lebanese people.



What is your message to clients and partners?

Despite the hardships we have been facing lately, it is important not to lose faith in our country and our abilities. Crisis brings opportunity; and this is how we are approaching these tough times. Whether it is through internal restructuring and improving our operations, or launching timely initiatives that contribute to our society, we are working twice as hard to remain relevant and buckle up to be ready to emerge stronger from the crisis. We would like to extend our invitation to this approach to our clients and our partners to get through these periods together, and figure out together the new business landscape we will be operating in. It is important not to give up on our country, since this is an opportunity to help rebuild Lebanon for the better.

After all, it is worth a reminder that businesses in Lebanon are family businesses, and many projects are run locally. These Lebanese families and entities should not only succumb to the rules of investment, but remember that at the end of the day, we are trying to save and rebuild our own country. Today, more than ever, we should all feel involved and concerned in making the sacrifices needed today to get through the difficult years ahead in the hope of changing the current mentality. We should move away from resorting to importing all our products and services to fulfill local needs, and this huge responsibility falls on the citizens and the government and all its entities alike. What Lebanon needs today is a comprehensive reform plan that revives its economy and social standards, away from political conflicts. Finally, we can only hope this coming phase will pass as quickly as possible, with the least amount of damage possible, in the hope of better country and standard of life.





Dar Cairo Headquarters, Egypt

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