

## **ESPH**

# 45 YEARS OF SUSTAINED AND INTEGRATED GROWTH





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RESEARCH BY Gustavo Pittelli



osta Rica is a Latin American success story. Over the past quarter century, it has enjoyed consistent economic growth, while managing to maintain its unique biodiversity, thanks to Costa Rica being the only country in the world to have reversed deforestation. It has managed to do all this while growing its salaries by over 300% over the past two decades. For any country, this would constitute remarkable progress.

For a country to progress in such a manner, it needs strong institutions and infrastructure.

Enter: Empresa de Servicios Públicos de Heredia ("ESPH"), Costa Rica's public services provider. Business Excellence recently catches up with Christopher Camacho, ESPH spokesperson who gives us a closer look at this utilities company and the vital role it plays in the day-to-day lives of Costa Ricans, and how its development has been inextricably linked to theirs.

#### **Overview**

The history of ESPH goes back over a century, to 1915, with the construction of

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La Joya hydroelectric plant. When La Joya reached its energy generating capacity in 1949, citizens of the surrounding area came together to found an organization that was to become the electricity service provider of the Heredia Municipality - JASEMH. It had three goals: To develop and maintain hydropower installations, the transmission and distribution of energy, and to improve the municipality's electricity services.

As the company grew, so did its provision of services. Although Costa Ricans were now

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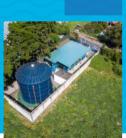




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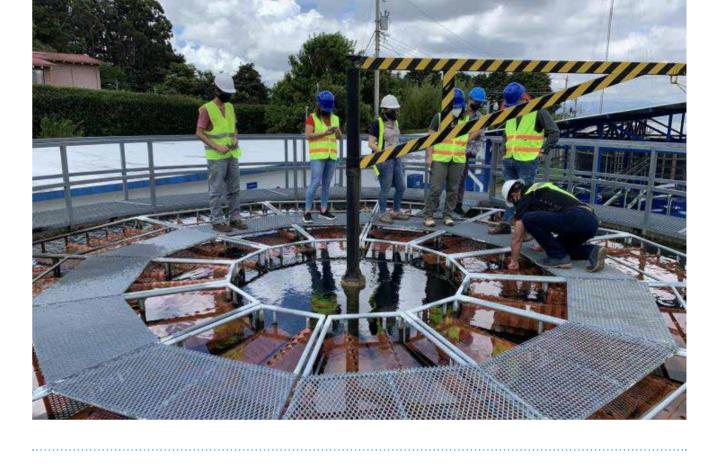


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## "Today, the company provides public lighting, telecommunications, water sanitation services, drinking water, and electricity"

well-equipped in terms of electricity, the quality of their water still lagged behind. This issue came to a head during an economic crisis in the 1970s. It was decided that ESPH, or then JASEMH, would take over the administration and operations of SNAA - the national water services provider. It was now responsible for the maintenance and development of the country's water and electricity services. And in 1976, JASEMH became ESPH.

Over time, ESPH joined forces with service providers from other municipalities, such as San Rafael and San Isidro, to become a national provider. In 1998, it became an autonomous company - an hybrid designed by legal specialists to ensure that it maintained the efficiency of a private company, while keeping the ethos of a company working in the public interest, upholding Costa Rica's remarkable record of environmental sustainability.

#### **Facts and Figures**

Today, the company provides public lighting, telecommunications, water sanitation services, drinking water, and electricity. The

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data surrounding ESPH's provision of these services tell their own story.

First, the company has nearly 90,000 subscribers to its electricity services, providing electricity to approximately 360,000 people, or around 8% of the total Costa Rican population. Its energy provision is restricted to the Heredia area, in the northern half of San Jose, Costa Rica's capital, meaning it services some of the most important companies in the country. This supply is underpinned by four hydroelectric plants that guarantee supply and allow ESPH to provide the lowest priced electricity in the market.

In terms of water supply, ESPH is connected to the homes and businesses of nearly 75,000 clients. This provision is supported by its water management efforts: Monthly, ESPH treats an average of 82 million cubic metres of water. It also carries out regular checks on water leakages and losses. Since 2016, ESPH

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has carried out some 3,000 inspections of its infrastructure, identifying approximately 400 irregular connections. It also replaces around 3,000 metres of pipe to ensure that its network is properly maintained.

Unlike its water and electricity services, ESPH's telecommunications services are nationwide. ESPH offers its clients 99% coverage across the country, as well as a full spectrum of mobile and internet services for retail and commercial clients.

#### Sustainability

ESPH maintains a comprehensive program of CSR and environmental sustainability initiatives. It divides its CSR initiatives into those with internal impact, such as occupational health programs, training and scholarship programs, and an educational

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program for the children of ESPH's employees, and those of external impact, such as a teacher training program in sustainability development, and environmental tours.

In terms of its environmental mission, ESPH also maintains extensive programs in energy saving program, water saving, waste management, fuel savings, and chemical management. The statistics here are also impressive. For example, it now converts approximately 80% of its waste into recycling, recovery, composting, gasification and co-processing, while its

performance in chemical management has improved 80% over the past five years.

#### **The Covid-19 Impact**

Sadly, at the time of writing, Costa Rica has lost

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## "A very significant key to our success over the last 15 years has been the renewed partnerships with aboriginal communities"

nearly 5,000 people to Covid-19, and cases continue to rise. ESPH has done whatever it can throughout the pandemic to provide its own services, while ensuring the safety of its employees and the general public. Even during the country's dry season, ESPH has worked tirelessly to ensure that all of its wells remain operational and that the population has access to water to meet the strict hygiene protocols set for the pandemic.

The company has also set a range of internal provisions. These include social distancing and working from home, doctor appointments via video calls, testing of employees that have travelled abroad, regular updates for employees through its internal communication channels, the identification of high-risk employees within the company, and even a vaccination program, administered by the company for its employees.

#### **Partners and Suppliers**

Even as a relatively small island nation, Costa Rica's progressive economy means that it has a wealth of innovative and high-quality local companies. ESPH regularly works with these to ensure the ongoing provision of its own services. In water provision, they include important partners such as Lucas Electrohidraulica and Florida Aquastore. In construction, the names include companies like Excavaciones San Pablo and Century Metals Costa Rica.

ESPH's completel partner and supplier list is a highly diverse group, however, that also brings in the El Salvadorian retailer Grupo Unicomer, the local supplier and installer of refrigeration units, Refrigeracion Industrial Beirute, an electricity provider, Didstribuidora Especialidades Electricas Deesa, and an IT services provider, Andritz Hydro, Sidesys IT Solutions.

#### The Future

In an EGM held in June 2020, ESPH outlined a bold strategic vision to be rolled out between 2021 and 2025. The new strategic plan includes a broad range of measures that takes in everything from customer perception to improvements in sustainability. Among the highlights are a 46% increase in installed electricity capacity, additional decarbonization of 1 tonne of CO2 emissions per year, and a plan to significantly enhance its telecoms infrastructure.

Needless to say, all of this will require investment. ESPH will continue to provide first class service to its customer base in Heredia, reinvesting the proceeds into its operations, as well as seeking external funds through private means. In a way, the company's commitment to the environment, continued progress, and operational excellence make ESPH an excellent reflection of modern-day Costa Rica.

#### ESP

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