







Executive **Summary**

1 Multidisciplinary Firm

ERCCG to be newly established firm specializing in infrastructure projects incorporated as a **JV** company by and among **ERC**, **COIPA** and other industrial partners selected by **COIPA**.

Construction Expertise

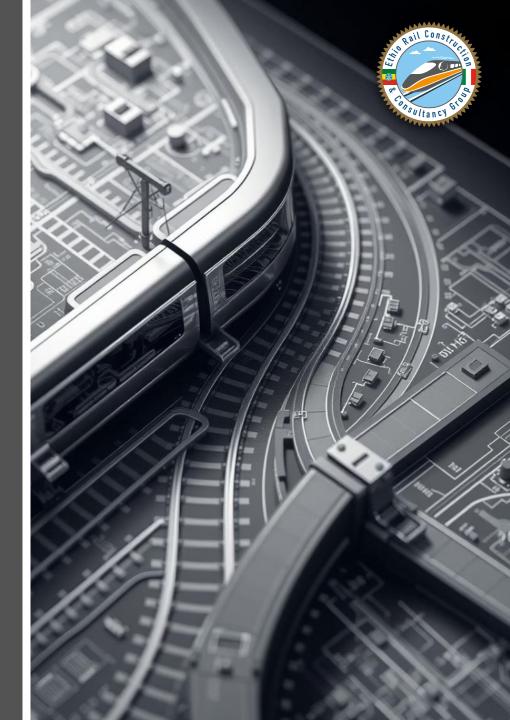
Expertise in rail, road, building, and water works construction.

3 Comprehensive Services

Providing material production, equipment, and consultancy services.

4 Sustainable Solutions

Committed to sustainable and innovative construction solutions.







Company Overview

☆ Name

Ethio Rail Construction & Consultancy Group (ERCCG).

Ownership

ERC, COIPA & industrial Partners selected by **COIPA**.

Business Model

Construction & consultancy services in Ethiopia and in other African Countries.

About Us

The **Ethiopian Railway Corporation** (ERC) is the National Railway Operator established by regulation 141/2007 of the Council of Ministers of the Federal Democratic Company Summary Republic of Ethiopia.

Founded on 28 Nov 2007 (regulation 141/2007) with a mandate to develop **electrified railway infrastructure** and provide freight and passenger transport services in Ethiopia ensuring an **eco-friendly infrastructure** thereby increasing emission reduction.

Striving towards developing the transport and logistics sector to realize sustainable economic growth by connecting vital economic corridors.



About Us

COIPA CAPITAL will coordinate to designated the involvement of major Italian and international companies with industry specific, investment and equity contribution adequate capacity as well as Legal, Finance, technical and marketing advisors.

COIPA CAPITAL has already conducted a preliminary sounding of, and obtained preliminary expression of interest from, a group of major companies that would be engaged in the engineering, procurement and construction. The group of companies includes **the excellence of Italian and European capabilities** in the relevant industries and technologies.

In addition, we'll work closely with Financial institutions to ensure the involvement of SACE S.p.A (Italian Export Credit Agency).







Main Area of Business Activities

- **Construction Services:** Specializing in rail, road, building, and water works construction, with a focus on large-scale public and private sector projects.
- <u>Material Production</u>: Supplying high-grade construction materials, including concrete, aggregates, and other critical inputs.
- <u>Plant and Equipment</u>: Providing state-of-the-art construction machinery, either for rental or direct use in projects.
- <u>Design and Supervision</u>: Offering consultancy in designing infrastructure, ensuring projects meet the highest technical standards and supervising execution for quality and compliance.
- <u>Training:</u> Delivering specialized training programs for professionals in construction design, project management, and technical supervision



Key objectives and goals of the business

- Leadership in Infrastructure Development: To become a leader in the construction and consultancy sector across Ethiopia and all over Africa Continent, contributing to the development of railways, roads, buildings, and water works projects.
- <u>Sustainable and Innovative Solutions:</u> To promote and implement sustainable construction practices, focusing on eco-friendly materials and designs that align with global standards.
- <u>Capacity Building:</u> To invest in local talent development through training programs, contributing to the growth of the engineering and construction workforce in Ethiopia and all over Africa Continent.
- <u>Client Satisfaction</u>: To provide top-tier services that meet or exceed client expectations, through excellence in design, quality construction, and efficient project management.





Market **Analysis**



- Growing demand for rail & road infrastructure in Ethiopia and East Africa
- Key sectors: Railways, roads, water works, and buildings
- Target Clients: Governments, international agencies, private developers
- Competitive Edge: Specialization in rail infrastructure

Services Offered



- Consulting
- Construction
- Topographic Surveying
- Rail, for the maintenance of the track, the catenary and the power line, signaling
- Road, building, and water works construction
- Material production (e.g., concrete, aggregates, etc.)
- Cement Plant
- Plant and equipment services (rental or sale of heavy machinery)
- Design and Supervision
- Design services for rail, road, building, and water works
- Supervision and project management services
- Training programs in construction design and project management



Strategic Partnerships

Below is an outline of the players that from both within and outside of JVC will be involved for the most successful outcome of ERGCCB partnership

Government agencies:

Ministry of Finance,
Ministry of Transport & Logistics
ERC Board
Ethiopian Investment Holding (EIH)

International agencies:

■ World Bank, AfDB, Exim Bank SACE & other European ECAs

Private sector:

Construction firms, logistics providers

Financial institutions for project funding

Financial Plan



Below is a high-level overview of a financial plan covering typical components, funding structures, and considerations for both initial construction and ongoing operations.

- Startup Capital: \$68 million
- Revenue Model: Construction contracts, consultancy, material supply
- Cost Structure: Equipment, materials, labor, operations
- Financial Projections: Profitability expected from Year 2 onwards

Risk Analysis & Mitigation

A thorough and proactive approach to risk management is critical to the success of any railway project. By systematically identifying potential risks, assessing their severity, and putting robust mitigation strategies in place, project teams can significantly reduce the likelihood of costly disruptions and ensure that the project is delivered on time, within budget, and to the required quality and safety standards.

- Market Risks: Economic fluctuations, competition
- **Operational Risks:** Project delays, labor shortages
- **Regulatory Risks:** Compliance with construction laws
- Mitigation: Diversification, partnerships, legal compliance



Implementation Plan

Implementing a company setup plan involves methodically moving from concept to operational launch, ensuring that legal, financial, and operational foundations are robust.

- Year 1: Company setup, feasibility studies, Financial Planning & Funding, Infrastructure & Resource Allocation, Operational Processes & Systems, First project
- Year 2-3: Continuous Improvement & Growth, Expansion through bidding & partnerships
- Long-Term: Regional growth, innovation, public-private partnerships



Sustainability & CSR

- Energy-efficient construction practices
- Local hiring & workforce training
- Social Responsibility & Community engagement & infrastructure support
- CSR Policy aligned with global frameworks
 (e.g. UN Sustainable Development Goals,
 Global Reporting Initiative)
- Health & safety programs
- Ongoing Community Relations
- Measuring Impact & Success



Our **Philosophy**





MISSION

To provide safe, reliable, efficient, and cost-effective railway transport services that meet customers' needs, developing a seamless Railway Network linking all corners and economic corridors of the country and contributing to the country's socioeconomic development.



VISION

To see a railway infrastructure network that connects development corridors and enhance regional interconnection thereby linking the country to port and neighboring countries and provision of sustainable modern railway transport services that meet the need of customers.



VALUES

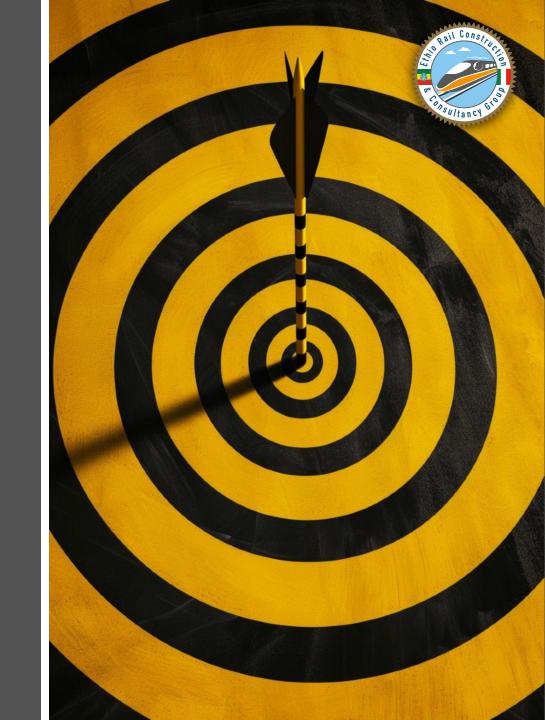
Safety, Environmental Stewardship, Customer Focus, Teamwork, Integrity, Professionalism, Innovation, and Continuous Improvement

Successful JV

Structuring a **successful Joint Venture (JV)** company requires careful planning and clear term.

Key elements to include are:

- 1. Define Objectives & Scope
- 2. Legal Structure & Governance
- 3. Financial Contributions & Profit Sharing
- 4. Roles & Responsibilities
- 5. Risk Management & Liability
- 6. Regulatory & Compliance
- 7. Dispute Resolution
- 8. Exit Strategy & Termination
- 9. Confidentiality & Intellectual Property (IP)
- 10. Performance Monitor & Review



JOINT VENTURE AGREEMENT



ERC and **COIPA**, together with other industrial partners to be selected by **COIPA** will establish a joint venture limited liability company ("**JVC**") in Ethiopia, under Ethiopian corporate and joint venture law, to undertake infrastructure development projects, in several industries including, but not limited to, the following:

- Railways infrastructure and related services, ports, airports;
- Roads, highways, bridges, tunnels, and dams, ports, airports;
- Freight terminals, logistics, and maintenance facilities;
- Water supply systems, desalination, and wastewater treatment plants.



JOINT VENTURE AGREEMENT



- The **JVC** will be established to focus, initially, on railway infrastructure projects and related services and will subsequently expand into other sectors as agreed upon by the Parties and once the fundamental corporate, organizational, technical and financial structure will have been developed;
- The **JVC** will operate as a contractor and project developer in the above-mentioned industries in Ethiopia and other African countries, undertaking and executing work or service contracts either by direct award from clients or through competitive bidding, depending on the applicable legislation.



Project & Works Procurement

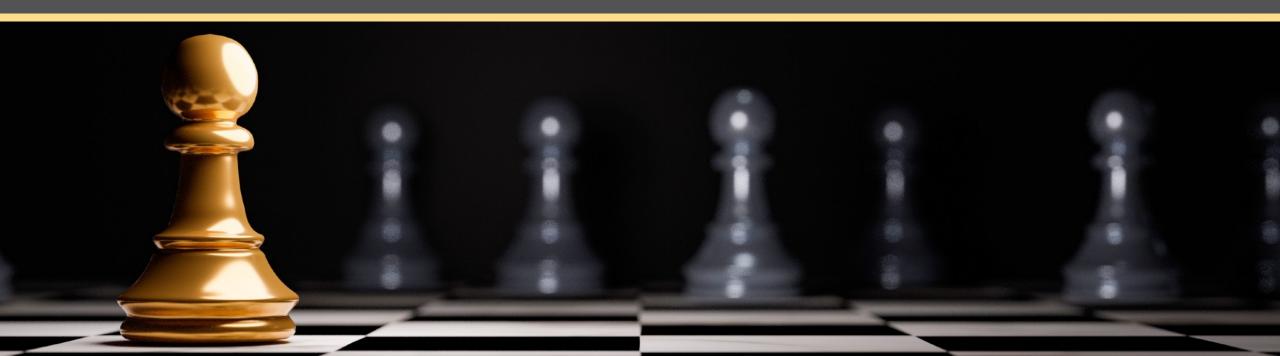
- Rail Construction of the Consultancy Stone of the Consultance of the Consu
- The **JVC** may obtain contracts through direct negotiations or **competitive bidding** in **Ethiopia** and any African country, subject to specific restrictions.
- The partners and investors will leverage their networks and expertise to secure high-value contracts, aiming to make the JVC a top-tier company within five years of its incorporation.
- The JVC may participate in, be awarded, and execute any activities within its operational scope and in
 eligible countries, except for projects governed by the MoU between ERC and COIPA dated
 November 20, 2024, which will be managed exclusively by COIPA, its partners, and ERC.



Subcontracting & Third-Party Engagement



- The JVC may hire third-party contractors as needed, ensuring compliance with quality and financial standards.
- Any subcontracting by the JVC must comply with applicable laws and market conditions. Shareholders
 and their affiliated companies will have the first right to offer and match bids, aiming to enhance
 support from Export Credit Agencies, multi-laterals, and government institutions.



JV Advantages



- **1. Shared Financial Burden:** Railway projects are capital-intensive. A JV allows companies to share costs, reducing financial strain on each partner.
- 2. Risk Mitigation: Risks like project delays, regulatory hurdles, or cost overruns are distributed between partners.
- **3. Access to Expertise & Technology:** A JV can combine technical expertise, innovation, and operational efficiency, leading to better project execution.
- 4. Faster Execution: Pooling resources, labor, and technology can help speed up project completion.
- 5. Government & Regulatory Support: Some governments favor JV models for large-scale infrastructure projects, making it easier to secure approvals and contracts.
- **6. Market Expansion:** Companies can leverage each other's networks to expand into new markets or geographies.

Conclusion



- ERCCG is positioned to lead Ethiopia's railway infrastructure sector
- Strong partnerships & funding strategies in place
- Commitment to sustainability & long-term growth
- Ready to deliver high-quality, efficient railway projects



