



MINISTRY OF URBAN AND  
INFRASTRUCTURE

# CONSTRUCTION INDUSTRY TRANSFORMATION INITIATIVE REFORM & ROADMAP

JUNE  
**2025**

ADDIS ABABA

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## Direction from the Prime Minister

Construction industry benefits much when the stakeholders including regulatory body could all work collaboratively, transparently, and with trust. Our construction sector is often described as adversarial and risky-there are often winners and losers. It's common behaviour for people to inappropriately shift risk onto the other party, and this must change so people take on the risks that they are in the best position to manage. Rather, there should be a culture of collaboration, fairness and shared success. I say this with the spirit of "Medemer" which envisions a process that is not just efficient but comprehensive, fosters culture of meaningful collaboration. In Ethiopia, Medemer matters in all our endeavors! No area benefits more from it than construction and construction industry. In Government, we aren't merely talking about this principle; we push everyone to live and appreciate in all their works, guiding the stakeholders' daily interactions, communication, and how they handle challenges. I feel it's also this growing shared set of values that would make the DCI and our nation so great.

And so, it is good to know that this DCI Reform and Transformation Road Map, designed along this line and with this in mind to lead the Construction Industry in a holistic approach, rooted in the belief that when stakeholders work together, the challenges we are facing are imminent, possibilities for growth are endless.

For individual companies, my message is that success at one time, in one project should not be your ultimate goal; it's about the overall success of your Industry; an industry that is efficient and exceed expectations. This means it is not only prioritizing the success of your clients, but also that of subcontractors and all stakeholders involved in the project; because you are building the nation. My government including the Ministry of Urban and Infrastructure do not just look and satisfy with a success of an individual's project but values more what's best for the Industry and the nation. In coming few years to come, I am eager to see the Industry is beginning to change delivering more projects efficiently at wider scale and ensuring that all our works are sustainable and the Industry as a whole is trustworthy and dependable.

Finally, the industry as a whole should enhance coordination and cooperation across the value chain, and agree on common goals and standards. And to gain the support of society at large, the industry again needs to work collectively with all stakeholders, along multiple dimensions. The government, both as regulator and often as key project owner—is ready and committed to create a fertile environment for the transformation of the construction sector.

**H.E. Abiy Ahmed (Ph.D.)**  
**Prime Minister of Ethiopia and**  
**Chairman of the Construction Industry Council**

## Message from the Minister

This is an exciting time for Ethiopia's construction industry; a sector vital to our nation's growth. Yet, transformative change is imperative. Over the past year, we have advanced the ambitious goals of the 10-Year Perspective Plan while driving bold initiatives like the Corridor Development Program and other flagship projects. These efforts are creating a robust pipeline of public and private construction opportunities, fostering performance improvements through shared best practices, enhanced stakeholder confidence, and standardized, efficient project delivery. Building on these successes, we are poised to achieve even greater progress in the coming years.

Through extensive industry consultations, we have listened to your concerns, evaluated our progress, and drawn lessons from both challenges and achievements. We have also studied global best practices to understand how collaborative governance can accelerate sectoral transformation.

This *DCI Reform and Transformation Road Map* appropriately recognizes the structural and operational deficiencies of Ethiopia's construction sector and rightly emphasizes the urgency for reform. However, for better alignment with Ethiopia's 10-Year Development Plan (2021–2030), the Construction Industry Policy, and recent research findings, the narrative needs a more systemic and evidence-based framing. These frameworks stress integrated development, competitiveness, industrial capacity building, sustainability, and private sector involvement. The current draft lacks strong integration of these cross-cutting themes and does not clearly link the reform strategy to broader national development goals, such as job creation, urbanization, climate-resilient infrastructure, or industrialization.

This moment presents a historic opportunity: government and industry working together to deliver the change Ethiopia needs. Today, I am proud to launch this revised Reform and Transformation Roadmap—an actionable blueprint for progress. While we recognize the scale of the challenges ahead, this plan marks a critical step forward in addressing systemic issues, guided by the principles of 'Medemer,' our ongoing socio-economic reforms, and the Homegrown Economic Reform Agenda.

Success, however, depends on collective action. I urge every leader in this sector to engage in dialogue, collaborate on solutions, and champion transformative practices. Each of you has a role to play in shaping a more competitive, sustainable construction industry.

Let us seize this opportunity together.

**H.E. Chaltu Sani**  
**Minister, Ministry of Urban and**  
**Infrastructure**

## Preface by the State Minister

Let me begin with excerpts from the **Medium Term Development and Investment Plan** of February 2024 of Ministry of Planning and Development with regard to Construction Sector:

*“The construction industry remains to be a significant contributor to overall economic growth and job creation. Despite the significant government reforms and support mechanisms over the past years, the sector is still characterized by several productivity inefficiencies, administrative malpractices, low technical capabilities, and heavy dependence on the external economy for raw material imports. The government is committed to developing a modern construction industry information system, enhancing the efficiency and effectiveness of construction and infrastructure projects, improving construction management and control systems, and promoting competitiveness and customer satisfaction in the construction industry” (Page 64 of 237).*

This **DCI Reform and Transformation Road Map** is a revisit of 30 Years Construction Industry Transformation Road Map of March 2021; and part of MUI’s 10 Years Infrastructure Sector Road Map of January 2022. The revision and development of this Road Map is emerged after the strategic assessment and diagnosis of ‘why the current efforts for developing the Industry have not been successful despite numerous operations, opportunities and prospects’. It is prepared with a review and consideration of :

- Challenges and progresses so far in construction sector and construction industry;
- Council of Ministers Regulation to provide for the establishment of the Construction Industry Council, December 2017; and priority actions for the year---2025 and 2026;
- Ethiopian Construction Industry Think Tank Group Establishment Directive (draft), July 2024;
- Medium Term Development and Investment Plan by Ministry of Planning and Development (February 2024);
- A study sponsored by Construction Management Institute;
- Revised Construction Industry Policy (draft), March 2025;
- New Construction Industry Proclamation (draft), March 2025; and
- A series of discussions and consultations with industry stakeholders.

Having these in mind, we would like to acknowledge the significant work put into improving the performance of our construction industry over the years by a group of experts, industry practitioners, sector officials and academicians who are also involved in developing this plan. Even though the performance of the past three years of the sector were not stable and not promising for different reasons, it's important we build on the valuable partnership created through different platforms and work to make the sector a success for everyone. We still ask everyone to actively support this plan and to consider how they can play a part in creating a better construction sector.

This ambitious seven-year plan and beyond has six major pillars with multitude of programs and flexible projects/actions in each that will help make the shift needed to create a high-performing sector. The six Pillars are: (i) Policy, Regulatory and Legal, (ii) Industry Dynamics, (iii) Operations/Project Delivery, (iv) Business, Competitiveness and Sustainability, (v) Institution, Leadership and Governance, and (vi) Accountability and Visibility.

The success of the Construction Industry will be measured against the set goals and result indicators developed as part of the Plan. This plan is about getting the basics right and it's acknowledged that there will be more detailed work to do. In the spirit of Medemer with principles of building trusting relationships and acting with collective responsibility, this Transformation Road Map is a shared plan and should jointly be owned by industry and the government. The leadership group in Ministry will be working with industry organizations, federal and regional/city governments and their relevant agencies, and individual industry participants to develop and implement targeted programs and initiatives. This cross-sector approach will maximize the reach of the Road Map and ensure that it can make a real difference in the sector.

Finally, I am pleased to inform all concerned that this Road Map is flexible in nature and evolving to account for any mindful and thoughtful suggestions coming from different angles. This means that the active role played by the Stakeholders will be a determining factor for successful implementation and way forward of the Road Map. I hereby assure you that the Ministry's meaningful support and effective guidance, improved working relation with key industry players will be enhanced and considered as a prerequisite to downstream implementation.

**Yetmgeta Asrat**  
**State Minister**  
**Ministry of Urban and Infrastructure**  
**(June 2025)**

# I. Why Construction and Construction Industry Matter?

Ethiopia's 10-Year Development Plan (2021–2030) identifies infrastructure development as a critical enabler of economic transformation, targeting sectors such as transport, energy, telecom, water, and urban housing to drive industrialization and inclusive growth. The construction industry plays a pivotal role in this vision, as it facilitates the delivery of essential infrastructure; roads, dams, power systems, railways, and digital networks; that underpin productivity, connectivity, and service delivery.

The construction sector absorbs a significant portion of the national budget and contributes substantially to GDP, reflecting its macroeconomic importance. Private sector participation is also growing, with investments in fixed assets, machinery, and infrastructure projects. However, despite its strategic role, the industry faces severe inefficiencies that hinder Ethiopia's development ambitions.

Research findings and project performance audits consistently reveal systemic challenges: chronic delays, cost overruns, and substandard quality plague in public and private projects alike. These inefficiencies delay communities' access to critical infrastructure, exacerbate construction cost and inflation, and shorten the lifespan of assets; undermining the sector's potential as an economic catalyst. The Construction Industry Policy (2025) highlights these gaps, emphasizing the urgent need for capacity building, technology adoption, and stronger regulatory enforcement to improve delivery.

Given the sector's centrality to Ethiopia's growth agenda, immediate and aggressive interventions are imperative. Aligning industry practices with the 10-Year Plan's targets; through enhanced project management, local capacity development, and public-private collaboration; will be essential to ensuring efficient, sustainable, and high-quality infrastructure delivery. Clearly, aggressive intervention is not only necessary but urgently required.

## II. Contextual Overview and Key Challenges

Despite the pivotal role of the construction sector in national development, various studies and assessments have consistently shown that Ethiopia's domestic (local) construction industry remains significantly under performing. According to findings synthesized in the development of Ethiopia's 10-Year Development Plan (2021–2030) and the Construction Industry Policy, the industry faces structural and systemic limitations that hinder its productivity, competitiveness, and contribution to sustainable growth.

For instance, an aggregate review of productivity data between 2015 and 2020 shows that the operational efficiency of equipment managed by local contractors in the road construction sector is less than half (approximately 46%) of that achieved by Chinese firms operating in Ethiopia. This performance gap is mirrored in project delivery timelines: the average time overrun for local firms is double that of foreign firms, and exceeds internationally accepted standards by over 350%.

Beyond operational shortcomings, deeper organizational and managerial deficiencies exist. Local firms consistently score low in key performance areas such as strategic leadership, innovation, quality management, and institutional culture, as revealed by assessments based on the European Excellence Framework. These deficits are exacerbated by fragmented business structures, a lack of investment in skills and technology, and limited adoption of modern construction practices.

### **Major Bottlenecks Identified**

#### ***1. Capacity Constraints***

- Predominantly individual-led enterprises with limited institutional depth.
- Low technical and managerial capacities among contractors and consultants.
- Poor labor productivity and limited skilled workforce.
- Slow uptake of innovation and low technological readiness.

#### ***2. Regulatory and Institutional Weaknesses***

- Conflicting and outdated regulatory frameworks.
- Weak enforcement and monitoring by regulatory authorities.
- Inefficient registration and licensing systems.
- Absence of a modernized and operational Construction Industry Road Map.
- Poor coordination and leadership among stakeholders.

### ***3. Industry and Market Dynamics/ Business and Industry Dynamics***

- Outdated Project Delivery Systems: Reliance on traditional project management approaches, limiting efficiency and innovation.
- Unstable Work Opportunities: Inconsistent project pipelines and contract structures that disproportionately favor foreign firms in donor-funded projects, marginalizing local contractors.
- Sector Fragmentation: A highly decentralized industry with weak collaboration among stakeholders, hindering economies of scale and knowledge sharing.
- Financial Vulnerability: Low-profit margins due to aggressive bidding practices, reducing companies' ability to withstand market fluctuations or project disruptions.
- Inadequate Risk Management: Poor risk assessment and mitigation strategies, exacerbating project delays and cost overruns.

### ***4. Financial and Resource Limitations***

- Limited access to finance, modern equipment, and skilled labor.
- Inadequate institutional mechanisms for credit, leasing, and professional development.
- Donor funding conditions that marginalize local firms and discourage capacity building.

### ***5. Environmental and Construction Input Challenges***

- Lack of Sustainable Practices: Minimal adoption of environmentally friendly construction methods and materials
- Dependence on Imported Materials: Heavy reliance on foreign-sourced construction inputs, creating supply chain vulnerabilities
- Inadequate Workplace Conditions: Substandard safety protocols and frequent occupational hazards at construction sites, and Poor overall working environments that fail to meet international standards

### ***6. Malpractices and Cultural Issues /Ethical and Operational Challenges***

- Unethical Business Practices: - The sector suffers from widespread corruption, including rent-seeking behaviors in bidding/contract processes and financial mismanagement in both public and private projects.
- Flawed Procurement Systems: - Current procurement mechanisms lack transparency and competitiveness, fostering unfair business environments.
- Unprofessional Work Culture: - There is a pervasive pattern of substandard professional conduct and lack of accountability across operational levels.
- Erosion of Trust: - These issues have led to growing stakeholder dissatisfaction and eroding confidence in sector institutions.

## **Challenges in Industry Competition and Consultancy Services**

The construction industry's competitive culture remains unprofessional and unethical. Rather than fostering merit-based competition, the sector relies heavily on preferential treatment and protective measures that undermine genuine market competitiveness. Industry participants - regardless of size - frequently pressure clients for special consideration instead of improving their market responsiveness. This entrenched practice of lobbying for preferential treatment has become normalized, demonstrating the significant cultural shift needed to establish market-driven professionalism as the foundation for developing truly competitive local capacity.

The consultancy sector, which should guide industry development, faces equally serious challenges:

### ***1. Unsustainable Fee Structures***

Current consultancy fees represent just 0.5% (buildings), 1.0% (roads), and 2.0% (water projects) of project costs - a drastic decline from the 3-5% standard of previous decades. This race to the bottom stems from cutthroat competition for public projects, while private sector work suffers from even weaker oversight.

### ***2. Brain Drain and Quality Erosion***

Experienced consultants have exited the market, leaving behind practitioners who often deliver substandard work with significant cost and quality implications for projects.

### ***3. Environmental and Ethical Failures***

Many consultants neglect environmental impacts, while some engage in corrupt practices with contractors and suppliers - a critical vulnerability given the sector's high-value projects. These systemic issues reflect deep structural deficiencies in management, technology, skills, and financing that collectively undermine the industry's global competitiveness. While stakeholders acknowledge these challenges, their full impact on sector competitiveness remains underestimated. This situation demands urgent, comprehensive reform - a complex but essential undertaking for Ethiopia's construction industry transformation.

The competitive culture within the industry is weak and often shaped by lobbying for preferential treatment rather than performance. Protective policies meant to foster growth have inadvertently created a dependency mentality, inhibiting firms from adapting to market demands. Ethiopia must now instill a culture of performance-based competition and reduce reliance on regulatory protections.

These challenges make Ethiopia's domestic construction sector uncompetitive by both regional and global standards. Addressing them will require a long-term, integrated reform program—one that focuses on regulatory coherence, professionalization, digital transformation, financing mechanisms, and a robust industry governance structure.

The reform agenda outlined in this Road Map recognizes these challenges and calls for a multi-sectoral approach that strengthens the construction ecosystem while ensuring alignment with Ethiopia's broader economic transformation agenda.

### III. Challenges and Lessons: Toward a Transformative Construction Sector

Over the past three years, Ethiopia's construction sector has engaged in significant efforts to advance the objectives outlined in the 10-Year Perspective Development Plan (2021–2030). In this process, continuous engagement with stakeholders, bench-marking international best practices, and self-assessment of sectoral performance have revealed critical challenges as well as valuable lessons that must guide the path forward.

#### Key Challenges and Insights

**1. Low Sector Competitiveness and Reform Gaps:** Despite reform efforts, the performance of the domestic construction industry remains well below competitive thresholds. Analysis across key performance indicators indicates that without a comprehensive and properly designed reform agenda, progress will remain fragmented and ineffective. Future reforms must address structural and systemic issues holistically.

**2. Underperformance against Targets:** The DCI has registered a growth rate of only 5.4%, far below the 17% target set by the Ten-Year Plan. This significant shortfall demands urgent and strategic intervention to realign efforts with national infrastructure and industrialization goals.

**3. Persistent Technological Lag and Resistance to Change:** The construction sector has remained largely static in its methods, showing strong resistance to the adoption of new technologies. Countries that have overcome similar challenges have done so by cultivating innovation ecosystems supported by regulatory frameworks that enable experimentation, knowledge sharing, and scaling of proven solutions.

**4. Fragmented Innovation and Disconnected Knowledge Sharing:** While innovation exists within the sector, it is often isolated and uncoordinated. A central challenge is the lack of data-driven insights and sector-wide platforms for timely, evidence-based decision-making. Through its Construction Management Institute and the Ethiopian Roads Administration, the Ministry of Urban and Infrastructure must act as a knowledge integrator, supporting learning platforms and celebrating innovative practices that can be scaled nationally.

**5. Leadership and Collaborative Governance:** The transformation of the sector cannot be driven by government alone. A robust public–private partnership model is required, where associations, academia, private sector leaders, and regional governments coalesce around a shared framework. This includes clear articulation of vision, principles, and goals, and a responsive, agile regulatory environment to support innovation and market development.

**6. Digital Transformation for Industry Modernization:** The integration of digital technologies, including BIM (Building Information Modeling), project management software, and data-driven monitoring tools, must be at the heart of sector reform. An industry-wide digital roadmap should guide adoption and promote interoperability among stakeholders, enabling efficient planning, procurement, and delivery.

**7. Performance and Excellence Initiatives:** Institutionalizing a national Construction Excellence Initiative will foster competitiveness through performance benchmarking, recognition of best performers, and incentives for innovation, sustainability, and quality across multiple categories.

**8. Strengthening the Role of the Construction Industry Council:** The Construction Industry Council, envisioned as a collaborative platform, must be fully initiated to coordinate across government and industry to address regulatory ambiguities, improve leadership coherence, and ensure a predictable project pipeline—all of which are essential to build investor confidence and improve project outcomes.

**9. Construction Think Tank: Strategic Foresight and Innovation:** The MUI must establish a Construction Think Tank—a multidisciplinary advisory group comprising experts from both within and outside the sector—to challenge entrenched assumptions, scan global trends, and provide strategic foresight. This will enhance evidence-based planning, especially for mega infrastructure programs.

**10. Construction Leadership Summit and Policy Dialogue:** A structured annual Construction Leadership Summit such as Infrastructure Week should be institutionalized to enable peer learning, experience sharing, and sector-wide consensus-building. These forums will help stakeholders align on national priorities, review sector progress, and collectively plan the way forward.

## **IV. DCI Reform and Transformation Plan**

### **4.1 A Strategic Shift toward Industry-Wide Reform**

For decades, the construction sector in Ethiopia has been criticized primarily through the lens of project-level inefficiencies. However, research and policy reviews underscore the need to treat the Domestic Construction Industry as a whole; an ecosystem with systemic challenges requiring coordinated, high-level policy attention.

In line with the 10-Year Development Plan (2021–2030) and the Construction Industry Policy, the Government has committed to a strategic pivot: from reactive problem-solving to transformative, industry-wide reform. This approach acknowledges that achieving DCI's ambitious transformation targets demands joint action between public institutions, private sector actors, academia, and development partners.

The industry must be elevated to a level of regional and global competitiveness, which is fundamental for the survival and success of local contractors and consultants. This requires identifying the competitive landscape, critical success factors, and enabling conditions, such as access to finance, technology, capacity development, and fair market conditions.

The overall goal is to transform the DCI by introducing enabling environments, removing identified barriers, and implementing best practices to foster a more conducive business environment. Key considerations include:

- (i) Identifying key challenges and barriers;
- (ii) Assessing the severity of the problem and understanding industry perceptions;
- (iii) Determining the extent of improvement required;
- (iv) Evaluating the impact and limitations of existing policies and initiatives; and
- (v) Recognizing the need for more aggressive, comprehensive, targeted, and progressive actions by the government and stakeholders.

It is important to emphasize that the Roadmap should not be viewed as "fixed" or "final." Instead, it must remain flexible; both during the initial planning stages and throughout implementation; to adapt to changing parameters (e.g., shifts in the economic context or unforeseen obstacles). As such, the Roadmap is an iterative and progressive process, continuously refined with supporting data and analysis. Ultimately, it represents a long-term, evolving effort.

## **4.2 Crafting a Viable, Future-Proof Strategy**

Despite numerous strategies and operational experiences over the past 35 years, the construction industry has not reached its developmental potential. This suggests persistent systemic barriers such as:

- Fragmented institutional coordination
- Inadequate policy enforcement
- Skills mismatch and labor informality
- Weak technological adaptation
- Poor private sector engagement

Clearly, critical gaps persist—undermining efforts, hindering progress, and acting as major barriers to success. But what exactly are these barriers? What must the government and sector do to overcome them? Can a single ministry address them effectively? What are the current prospects for success, and what are the consequences of inaction? These questions are vital. Given the construction industry's critical role in accelerating infrastructure-led development and attracting investment, a viable and forward-looking strategy must now be implemented. The Ministry, in line with Ethiopia's long-term vision, proposes a framework that is:

- Evidence-based (informed by research and performance audits)
- Adaptive (responsive to changing contexts)
- Inclusive (integrating SMEs, women, and youth)
- Sustainability-oriented (aligned with green building and climate goals)

The new strategy is grounded in five pillars:

1. Alignment with the DCI's national mandate
2. Understanding development and implementation challenges
3. Enabling a conducive business and regulatory environment
4. Identifying scalable, high-impact interventions
5. Learning from past programs and global best practices

The strategy emphasizes targeted, high-leverage interventions over fragmented, generalized efforts; focusing resources where impact is measurable and transformational. Recognizing that the industry is fragmented and geographically dispersed, the strategy emphasizes leveraged interventions, selective focus, and strategic prioritization. Ultimately, it aims to enhance the sector's efficiency and competitiveness through:

- Comprehensive sector-wide reforms,
- Coordinated multi-stakeholder efforts,
- Measurable partnerships with verifiable success indicators, and
- High-level oversight across government bodies.

In summary, the Strategy aims to enhance the efficiency and competitiveness of the industry by treating it as a comprehensive sector, fostering coordinated efforts and meaningful partnerships, and measuring progress through objectively verifiable success factors overseen at a higher level across government institutions.

## 4.3 Vision, Mission, and Goals

### **Vision:**

To establish a globally competitive, resilient, and inclusive construction industry that drives Ethiopia's economic transformation by 2040.

### **Mission:**

To create a robust, technology-enabled, and sustainable domestic construction industry that meets national development needs and supports regional integration.

### **Purpose of the Road Map:**

To establish a coordinated, long-term transformation agenda that enhances the operational efficiency, competitiveness, and sustainability of the DCI.

### **Road Map Goal:**

To build an agile, innovative, and performance-driven construction industry capable of delivering quality infrastructure with value-for-money outcomes.

## 4.4 Phased Road Map for DCI Transformation

Developing the DCI will require sustained, long-term efforts and must be implemented in a phased and systematic manner. This revised Roadmap is designed with a multi-faceted approach to guide the industry's structured growth, ensuring efficiency and competitiveness while fostering an innovative and resilient DCI. The plan is organized into four distinct phases, each with clearly defined developmental milestones to ensure steady progress toward its ultimate objectives. The Road map outlines detailed targets for the next six to seven years to lay foundation for creating a globally competitive Industry between 2040 and 2050.

### 4.1: Stages of the Road Map

Phase	Period	Stage	Focus
Phase I	2021–2024	Assessment, Awareness and Realization	Address fragmented governance, poor ethics, and low technical capacity.
Phase II	2025–2026	Engagement & Institutional Strengthening	Build regulatory and operational systems; improve accountability and recognition frameworks.
Phase III	2027–2040	Efficient & Competitive Industry	Ensure quality delivery across cost, time, and scope; target at least 20 globally competent firms.
Phase IV	2040–2050	Innovation and Global Leadership	Institutionalize research, digital transformation, and sustainable construction practices.

This roadmap is not static; it will remain flexible and subject to revision in response to changing socio-economic conditions, market dynamics, and global trends.

## 4.5 Pillars and Programmatic Focus Areas

Transformation efforts will be structured around six reform pillars:

**Table 4.2: Reform and Transformation Pillars**

Pillars	Strategic Focus
Policy, Legal, and Regulatory	Develop coherent policy frameworks and harmonized legal instruments
Industry Dynamics	Enhance industry structure, labor productivity, and market functionality
Project Delivery/Operations	Improve planning, execution, and oversight practices
Business, Competitiveness & Sustainability	Support access to finance, green building, innovation, and value-chain integration
Institutional Governance & Leadership	Build capacity and strengthen inter-agency coordination
Visibility, Integrity & Accountability	Promote transparency, ethics, and public trust

Each pillar will be translated into programmatic interventions and flagship projects underpinned by measurable Key Performance Indicators (KPIs) and aligned to national development indicators.

**Table 4.3: DCI Transformation Pillars, Programs and Projects Matrix**

No	Pillars	Programs	Projects/ Actions	Responsibility	Delivery Date Starting
I	Policy, Regulatory and Legal	Facilitating opportunities for best performing and specialized Contractors & Consulting Firms	Devising mechanisms for relatively competitive firms (consultants and contractors) to get advantage during bids	Lead: MUI Collaborators: Clients, MoF, PPA, CMI	2026
			Apply consistently preferential treatment package for local firms	Lead: MUI Collaborators: MoF, CMI	2026
			Support and facilitate for best companies to enter international markets	Lead: MUI	2026
			Devise mechanisms for improving Construction Financing, e.g., Tax exemption or long-term tax payment schedule for imported special construction items. Direct equipment supplies by Government agencies through long term payment with minimum interest.	Lead: MoF, NBE, Custom Collaborators: Clients	2026

	Construction Industry Policy, Proclamation and Regulation	Get approve Policy, Proclamation and Regulation of the CI	Lead: MUI Collaborators: MoPD, MoI, Standing Committee	2026
		Revise regulatory framework to enhance construction safety procedures and ensure safety in construction sector	Lead: MUI Collaborators: MoLS	2025
		Harmonize, standardize, and consolidate laws, regulations and working procedures across the Industry and Clients	Lead: ECA, MUI Collaborators: ECA, MoF, Clients	2026
	Ease of Doing Business in Construction Sector	Solving bureaucratic procedures and improve service delivery	Lead: MUI Collaborators: ECA	2026
		Shortening service delivery chain through single window service and Mesob	Lead: ECA Collaborators: CSC, INSA, MINT	2026
		Digitize service delivery system	Lead: ECA Collaborators: Clients	2026



II	Industry Dynamics	Improving input supply and market operating system	Liberalize input supply	Lead: MoTRI, MUI, Collaborators: MoTRI, CMI, MoM	
			Facilitate and encourage investment in inputs factories and production	Lead: MoTRI, MUI, Collaborators: MoTRI, EIC, MoTRI, CMI, MoM	2025
			Increase share of construction input supplies from local industries	Lead: MUI Collaborators: CMI MoTRI/MoM/MoI/EIC/MoTL/MoR	June 2025
			Enhance and assist in quality products	Lead: ECA Collaborators: Standardization Agency	2026
			Ensure seamless supply of key construction inputs to the sector	Lead: MUI Collaborators: MoTRI/MoM/MoI/EIC/MoTL/MoR	April 2025
			Encourage equipment and machinery assembly and manufacturing locally	Lead: MUI, MoI, MoTRI	2025
			Publication of Construction Cost Indices	Lead: MUI, ECA Collaborator: CSS	2026

Modernization & Standardization	Updated and modernized building and other infrastructure codes as well as procedures	Lead: MUI, ECA Collaborators: Institute of Ethiopian Standard, ERA	June 2026
	Modernize the construction sector operation and work procedures to address illegal business activities	Lead: MUI Collaborators: ERA, ECA, CMI	June 2026
	Shortening the process of licensing of construction Companies & Manpower Registration and Certifications	Lead: ECA Collaborators: Professional Associations	
	Modernize Construction Equipment Registration	Lead: MUI Collaborators: MoTL	June 2026
	Operationalize construction sector information management system	Lead: MUI Collaborators: ECA	June 2026
	Establish and strengthen construction sector baseline and database	Lead: MUI Collaborators: ECA	2026

			Improved design quality of public infrastructure projects	Lead: Clients/ ECA Collaborators: Clients, CMI, MUI	June 2025 2026
	Establish systems for delivery		Create transparent and effective Land Expropriation and Compensation Regulations	Lead: MUI Collaborators: MOF/MoPD	March 2025
			Improve Project Management Maturity Level	Lead: MUI Collaborators: CMI, ECA	2025 2026

III	Operations/ Project Delivery	Improve Delivery of Projects	Reduce time overrun	Lead: ECA/ MUI Collaborators: Clients/ ECA, CMI, ERA	2025
			Reduce Cost overrun	Lead: ECA/ MUI Collaborators: Clients/ ECA, CMI, ERA	2025
			Enhance Quality	Lead: ECA/ MUI Collaborators: Clients/ ECA, CMI, ERA	2025
			Work towards green and sustainable construction management practices (environmentally responsive and resource-efficient practice throughout construction's life cycle)	Lead: CMI Collaborators: Client, ECA, EEA	2026
			Reduce construction related accident. This involves improving poor working environment, low standards of safety and occupational hazards on construction sites and process	Lead: MUI, MoLS Collaborators: Clients, Contractors & Consultants/ ECA, CMI, MoLS	2026
			Follow-up and adopt emerging construction and engineering trends impacting construction industry and project delivery	Lead: CMI Collaborators: Clients, Contractors & Consultants	2026

IV	Business, Competitiveness & Sustainability	Business and Efficiency	Decrease CI resource utilization wastage	Lead: ECA Collaborator: ECA, CMI, ERA, Clients, Contractors, Consults	April 2025
			Improve cost and time predictability	Lead: MUI Collaborators: ECA, CMI, ERA, Contractors & Consultants	June 2025
			Instituting Business Culture and Standardization	Lead: MUI Collaborators: Contractors & Consultants, ECA, CMI,	2026
		Competitiveness & Sustainability	Improve the share of local CI in both domestic & international market	Lead: MUI Collaborators: Contractors & Consultants, ECA, CMI,	June 2026
			Facilitating benchmark among practitioners, industries and countries	Lead: MUI/ CMI Collaborators: ECA, Associations	2026
			Assessment, Rating and Recognition of Stakeholders	Lead: MUI Collaborators: Clients, ECA	2026

V	Institution and Governance Leadership	Institution and Governance	Revisit at least set-up of MUI, ECA, CMI, ERA and major infrastructure institutions to enhance governance and partnership	Lead: MUI Collaborators: CMI, ECA, ERA	2025
			Ensure & assist for modern management & organizational set-up of contractors & consultancy firms	Lead: MUI/ CMI Collaborators: ECA, Professional Associations, Companies	2025
			Introduce and enhance dispute resolution mechanisms	Lead: ECA Collaborators: Clients, Professional Associations	2025
			Establish working Platform for Stakeholders and Construction Leaders	Lead: MUI	2026

					2029
			Functioning of Construction Excellence Centre	Lead: CMI Collaborator: MUI, Associations	
			Expand programs to enhance skills and capabilities on construction sector	Lead: MUI Collaborators: CMI Lead: MUI/ CMI Collaborators: CMI/ ERA, MUI, MoLS	June 2026
			Devise labour force and skill certification mechanism	Lead: CMI, MoLS Collaborators: Clients, ECA, MoLS	2026
			Institutionalize Construction Industry Council	Lead: MUI	2025
			Institute University Industry Linkages	Lead: MUI Collaborators: MoE, MoLS, CMI	2025
		Construction Leadership			

VI	Visibility, Integrity and Accountability	Visibility of the Industry	Publicize result of Rating of DCI Stakeholders	Lead: MUI Collaborators: Associations	2026
			Enhance Stakeholders satisfaction, build trust and confidence in the construction sector	Lead: MUI Collaborators: Clients, Associations	2026
			Establish and Launch Partnership Program of Stakeholders	Lead: MUI Collaborators: Associations	2026
			Undertake series of research and analytical works	Lead: MUI Collaborators: CMI, ERA, Universities	2025
			Introduce Construction/ Infrastructure Summit/ Week	Lead: MUI Collaborators: Associations	2026
			Publish Construction Bulletin	Lead: MUI Collaborators: CMI	2026



## 4.6 Transformation Delivery Key Actors

In response to the issues and the initiatives indicated above, key actors need to do their part and to the overall goal of DCI Transformation. Key stakeholders include MUI, ECA, CMI, ERA, Contractors and Consultants Associations, Think Tank Group, Regional and City Road Agencies, Clients, etc.

Table 4.4 presents DCI Stakeholders Objectives and Responsibility Mapping Matrix indicating objectives and responsibility of Stakeholders, the gap they are experiencing to fulfill their role in transforming the DCI under the Road Map.

**Table 4.4: DCI Stakeholders Objectives and Responsibility Mapping Matrix**

Actors	Primary Objectives/Responsibility	What is the gap to be filled?	Partners, Collaborators and Resources
Ministry of Urban and Infrastructure	Objective: See efficient, competitive and innovative Construction Industry		
	MUI supervises the development of infrastructure such as transportation, water supply, sanitation, and energy, ensuring equitable and sustainable growth that contributes to the nation's social and economic advancement.	Strong CI Transformation Coordination Office  Building up the trust and confidence of the construction sector	The objectives can only be met when relevant governments offices, associations and groups would be able to collaborate.
	Sets and enforces construction industry standards to ensure safety, quality, and competitiveness. It aims to promote innovative construction technologies and methods aligned with international standards.  Works with academic and research institutions to foster innovation in urban planning, construction, and infrastructure development. It implements research findings to enhance the ministry's efficiency and effectiveness.	Monitoring the activity and development of the DCI  Collaborations and Integration that need to be exercised by the MIU  Leading the construction industry smoothly and systematically	The Ministry mainly fulfills its objectives with key relevant Offices at the HQ, and ECA, CMI and ERA.

	<p>Monitors and evaluates urban and infrastructure projects to ensure they meet established standards and contribute to national development objectives. Performance reports and outcomes are made public.</p> <p>Implements programs aimed at enhancing the skills of professionals in urban planning, construction, and infrastructure development, promoting continuous learning and best practices.</p> <p>prepare, in collaboration with the concerned organs, national integrated infrastructure master plan; follow up and monitor its implementation;</p> <p>Developing relevant regulations and policy framework</p>		
Ethiopian Construction Authority	<p>Enable to create a competitive construction industry by controlling the completion of construction projects within a reasonable cost, time and quality;</p>	<p>Incomplete sector database hindering evidence-based policy making.</p> <p>Capacity gaps in regulatory enforcement.</p>	<p>Key Partners: MUI, CMI, ERA, regional construction bureaus.</p>

	<p>Prepare codes, grades, standards and procedures by which the construction industry is governed; execute and control those prepared by other organs to enable the creation of a competitive construction industry;</p> <p>Registration and licensing of contractors, consultants and professionals</p> <p>Guaranteeing the quality, standards and grades of construction inputs</p> <p>Follow up and monitor that the construction industry keeps the Operational health and safety of citizens and safeguarding the environment during the pre-construction, construction and post construction times</p> <p>see to it that Ensure the construction industry enables sustainable economic development.</p>	<p>Delays in approval processes affecting project timelines.</p> <p>Therefore:</p> <p>Finalize data base of the sector</p> <p>Strengthening capability of its Staff</p> <p>Improve the speed and quality of delivery</p> <p>Improve the organizational set up</p> <p>Improve digital technology utilization</p> <p>Improve Manpower in Quality and number</p>	<p>Collaborators: Ethiopian Standards Agency, environmental agencies.</p> <p>Resources: Digital permitting systems, training programs for inspectors.</p>
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	<p>In summary, ECA would five emphasis to:</p> <ul style="list-style-type: none"> <li>• Industry Regulation: Ensure timely, cost-effective, and quality project delivery.</li> <li>• Standardization: Develop and enforce codes, grades, and procedures for a competitive construction sector.</li> <li>• Quality Assurance: Monitor inputs/outputs to guarantee compliance with safety and environmental standards.</li> <li>• Sustainability Compliance: Ensure pre-construction, construction, and post-construction phases adhere to sustainable economic development principles.</li> </ul>		
Construction Management Institute	<p>Ensure effective implementation of the country's short and long term construction programs and projects in terms of time, finance and quality through building project management capacity of key actors of construction project implementers and thereby sustain the ongoing rapid development of the country.</p> <p>Conduct research and technology transfer</p>	<p>Finishing its Centre of Excellence facilities</p> <p>Develops innovative solution thereby saving time, cost and improve quality</p>	<p>Clients, Contractors, and Consultants, universities and research institutions</p> <p>Resources: Training modules, e-learning platforms, partnerships with global institutions.</p>

<p>Ethiopian Roads Administration and RRAs</p>	<p>Construct, or improve highways through contractors, provided that it may undertake such works by its own force where contracting out of same is not feasible.</p> <p>Prepare, procure, cause the preparation of contracts, and award works and consultancy contracts;</p> <p>Cause the supervision to ensure that works are executed as per terms of their respective contracts, and supervise manage the same;</p> <p>Determine conditions for selection of consultants required for the design, supervision and any other works relating to highways;</p> <p>Determine the alternatives of carrying out of works with its own force, through domestic or international tender.</p>	<p>Strengthening their procurement and contract management process and capacity.</p> <p>Enable their Force Account Units to work at least on commercial basis.</p> <p>Ensure the road network is safe and comfortable to road user</p> <p>Awareness among communities local government bodies</p>	<p>Relevant government offices, associations and groups would be able to collaborate.</p> <p>MUI, key relevant Offices, ECA, CMI and local government offices.</p>
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	<p>Managing the already developed road asset through established standards and technologies, ensure the roads are safe to drive (traffic safety)</p> <p>Ensure that national road infrastructure works are carried out on the basis of economic efficiency, importance and equitable access;</p> <p>Capacity building of highway professionals</p>		
Consultants	<p>A full professional service by a Consulting Engineer to a Client for a project comprises</p> <p>Conduct design, construction supervision, research, capacity building (training), preparation/studies of legal frameworks</p>	<p>Be part of Own DCI Transformation Road Map</p> <p>Enhance their capacity, improve institutional set-up, change their culture of business</p>	<p>Governments and private sector</p>

Contractors	<p>Committed to the contractual obligations/responsibilities</p> <p>Modernization of business model (sustainable institutional framework)</p> <p>Governed by the construction code of ethics</p> <p>Engage in research and Innovation</p>	<p>Be part of Own DCI Transformation Road Map Initiative</p> <p>Enhance their capacity, improve institutional set-up, change their culture of business</p> <p>Contribute improved working culture, innovative material and working systems</p> <ul style="list-style-type: none"> <li>• Fragmented capacity (many small firms lacking modern techniques).</li> <li>• Weak financial &amp; risk management.</li> </ul>	<p>Governments and private sector</p> <p>Resources: Access to finance, joint venture frameworks, technology adoption incentives.</p>
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Contractors, Consultants and Professional Associations	<p>Safeguard fair business interest of its members and contributes to the overall development of the construction industry by collaboratively working with relevant stakeholders.</p> <p>Develop, Regulate and monitor professional code of ethics</p> <p>Advocate capacity building of contractors and consultants</p>	<p>Be part of Own DCI Transformation Road Map Initiative</p> <p>Enhance their capacity, improve institutional set-up, change their culture of business</p>	<p>MUI, ECA, CMI and ERA, Relevant government offices</p> <p>Resources: Policy dialogue platforms, certification programs.</p>
Construction Think Tank	<p>Identify and investigate construction industry wide challenges and provide recommended solutions to the appropriate organ.</p> <p>Develop ideas for improvement, long term vision of the construction industry</p>	<p>Establishment of the Group and working framework</p> <p>Improvement of the construction industry performance</p>	<p>MUI, ECA, CMI and ERA, Relevant government offices, Universities, research institutions</p> <p>Resources: Research grants, public-private think tank frameworks.</p>

Suppliers	To supply necessary inputs to the construction industry with required quality, quantity and time	Improved logistics supply chain for the construction industry	Contractors, consultants and clients
Financial Institutions	Provision of financial facilities/support to the Construction industry Provide advisory services on financial management	Improved project cash flow	Contractors, consultants, suppliers and clients
Local government bodies	provision of good working environment (in terms of ROW, safety etc) Maintain ownership of the projects and	Improved sustainability and performance of projects	Contractors, consultants, suppliers and clients

## 4.7 Structure and Leadership

To accelerate the transformation of Ethiopia's construction sector, the government has established a high-level Construction Council, chaired by the Prime Minister. This council provides strategic leadership to drive systemic change, foster stakeholder collaboration, and ensure the sector contributes to sustainable economic growth.

### Role of the Secretariat (Transformation Office)

The Office of the State Minister for Infrastructure of the MUI serves as the program management office for the DCI Transformation Plan, acting on behalf of the Ministry of Urban and Infrastructure (MUI). Its mandate includes:

#### 1. Strategic Coordination

- a. Lead and coordinate the **DCI Transformation process**, ensuring alignment with national development goals.
- b. Conduct an annual sector performance survey to track progress against KPIs (e.g., project delivery time, cost efficiency, quality compliance).

#### 2. Competitiveness & Accountability

- a. Implement a **Competitiveness Rating System** for contractors, consultants, and projects to incentivize best practices.
- b. Recognize high-performing firms towards **awards and preferential procurement opportunities**.

#### 3. Stakeholder & Communication Management

- a. Develop a **targeted communication strategy** (newsletters, web portals, stakeholder forums) to ensure transparency and engagement.
- b. Facilitate **public-private dialogues** to address sector challenges collaboratively.

#### 4. Monitoring & Reporting

- a. Track and analyze **transformation progress**, reporting to the **Construction Council** and external stakeholders.
- b. Publish **annual impact reports** on sector performances and improvements (e.g., reduced delays, increased local contractor capacity).

#### 5. Governance & Administrative Support

- a. Organize **Construction Council meetings, sector summits, and working group sessions**.
- b. Manage **program budgets and resources** to ensure efficient execution. *This structure ensures **accountability, data-driven decision-making, and inclusive leadership**, critical for achieving the Construction Industry Policy's objectives.*

### 4.8 Stakeholders Engagement

Effective transformation of Ethiopia's construction sector requires the active and strategic engagement of a broad range of stakeholders. As recognized in the 10-Year Development Plan (2021–2030) and the Construction Industry Policy, inclusive development and collaborative governance are critical to driving sectoral reforms, improving regulatory efficiency, and ensuring the successful delivery of infrastructure and services.

Given the diverse nature of the construction ecosystem; comprising public institutions, private contractors, regulatory bodies, professional associations, academia, civil society, and communities; stakeholder engagement must be intentional, structured, and goal-oriented. Not all stakeholders need to be engaged in the same way or to the same degree; their level of involvement should be determined by their role, influence, capacity, and interest in the sector.

To this end, the Reform and Transformation Road Map adopts a Three-Tiered Stakeholder Engagement Approach:

### **1. Collaborate**

Strategic partnership with key stakeholders who have high interest and influence in shaping the transformation agenda. These include regulatory authorities, major contractors, industry councils, regional governments, and development partners. Collaboration will focus on co-creation of solutions, joint implementation, and shared accountability.

### **2. Consult / Seek Feedback**

Systematic consultation with stakeholders who have relevant experience, technical input, or vested interest in specific transformation elements. This includes academia, sector associations, regional agencies, and selected private firms. Their feedback will be incorporated into policy revisions, program designs, and evaluation processes.

### **3. Inform / Communicate**

Transparent and continuous information-sharing with broader stakeholders to raise awareness, build trust, and promote sector-wide engagement. Tools will include stakeholder briefings, public forums, newsletters, official websites, and media campaigns.

The construction sector's success depends on strategic stakeholder engagement, as highlighted in Ethiopia's Construction Industry Policy and global best practices. A Three-Tiered Engagement Framework will be adopted to maximize efficiency and inclusivity:

Engagement Tier	Approach	Key Actions	Stakeholders
Collaborate (High Power, High Interest)	Partnership-driven – Joint decision-making & implementation.	Co-design policies (e.g., procurement reforms, skills development programs). Establish joint task forces (e.g., for digital construction adoption).	Government: MUI, ECA, ERA, CMI Private Sector: Large contractors, consulting firms. Academia: Research institutions, Universities, TVETs
Consult/Seek Feedback (Moderate Power/Interest)	Feedback-driven – Inputs shape policies but no direct control.	Conduct industry-wide consultations (surveys, workshops). Pilot initiatives (e.g., green building standards) and refine based on feedback.	Associations: Ethiopian Contractors Association, Engineering Council.  Mid-sized firms, suppliers.
Inform/Tell (Low Power, Low Interest)	Awareness-driven – Updates without active participation.	Disseminate progress via newsletters, websites, and media briefings. Host annual public forums on sector achievements.	Small contractors, local communities, media.

This engagement model is designed to reinforce the Construction Industry Policy's goal of building an accountable, transparent, and responsive sector, while also supporting the Road Map's emphasis on institutional transformation and participatory governance.

Regular assessment of stakeholder engagement effectiveness; through feedback mechanisms and performance indicators; will ensure that these partnerships remain dynamic, inclusive, and aligned with national development objectives.

## **V. Success Factors of the Road Map**

Setting success factors enables to improve the decision-making skills, create a deeper understanding and a clear view of how the Transformation is going, and also provide warnings if something is going in the wrong direction, alert policy makers to perform in alignment with the goals. Indicators that focuses on performance directly linked to the major goal and most critical success factors[1] are identified as follows.

These factors and subsequent measurements are intended as a means for inspecting and gauging the performance trend of construction industry. Whilst every reasonable effort to be made, data, information or any other material may not be accurate and there may be other more recent material elsewhere. MUI will have no responsibility for any errors or omissions.

Table 5.1: Monitorable Indicators of DCI

No	Indicators	Unit	Base Value	Target years							Source of Information
				1	2	3	4	5	6	7	
1	Growth of construction sector	%	8.3	8.7	9	9.5	10	11	11	12	NBE
2	Increase Construction Sector Excellence	%	7	7	10	12	15	20	22	25	Survey, Excellence Framework
3	Share of local construction companies in major infrastructure works, in value	%	30	40	45	60	65	70	72	75	Survey
4	Share of local consulting firms in major infrastructure works, in value	%	40	50	50	55	60	65	70	75	Survey

5	Ethiopian construction companies working abroad alone and in JV with international companies	No	0	1	2	3	5	5	8	10	Survey
6	Ethiopian consulting firms working abroad alone and in JV with international companies	No	2	2	2	4	5	6	8	10	Survey
7	Project Management Maturity Level	Level	2	2	2	3	3	3	4	4	CMI
8	Ease of doing business in construction sector	%	40	40	40	45	50	60	70	80	Survey
9	Best performing Contractors	No	NA	0	2	5	10	20	20	30	Competitiveness Rating, Survey

10	Best Performing Consultants	No	NA	0	2	5	15	20	25	35	Competitiveness Rating, Survey
11	Best performing Clients	No	NA	0	2	2	5	10	20	30	
12	Average Time Overrun	%	150	140	130	100	80	40	35	30	Report
13	Average Cost Overrun	%	110	100	90	70	60	40	35	30	Report
14	Profitable big construction companies, above 10% profit	No	NA	2	5	10	15	30	40	50	Competitiveness Rating, Survey
15	Profitable big consulting firms, above 10% profit	No	NA	2	5	10	15	20	25	30	
16	Average Construction Turnover of major contractors	Billion, Birr	1.0	1.5	2	4	5	6	8	10	Report
17	Average Turnover of major consultants	Million, Birr	20	10	20	30	40	60	80	100	Report

18	Proportion of construction inputs produced locally	%	30	35	40	45	55	65	75	80	Survey
19	Employment generation of construction sector	No, Million	0.800	1	1.5	2	2.5	3	3.5	4	Report
20	Companies established as corporate level	No	NA	1	2	3	4	6	8	10	Competitive ness Rating, Survey
21	Proportion of disputes settled amicably	%	30	30	35	35	45	55	60	75	ECA
22	Reduce construction related accident	%		10	10	20	20	30	40	50	Report

23	No of training conducted/year	No	3000	3000	3500	4000	4500	5000	6000	8000	Report
24	Major consultations conducted with stakeholders/year	No	2	2	3	5	5	5	8	10	MUI
25	Corruption Perception Index	%	30	30	40	50	60	70	80	80	Survey

## VI. Strategic Risk Assessment Framework

The DCI Reform and Transformation Road Map is designed to be continuously assessed based on measurable success factors and the broader socio-economic impacts it brings to the construction sector. As part of the strategic assessment, a Systematic Operations Risk-rating Tool (SORT)—adapted from the World Bank framework—has been adopted to evaluate key risk areas at this initial stage. These risk areas include:

- (i) Political and governance environment,
- (ii) International economic environment,
- (iii) Sector policies and strategies,
- (iv) Road Map formulation and design,
- (v) Leadership and coordination, and
- (vi) Stakeholder engagement.

This system provides essential information for the Ministry of Urban and Infrastructure (MUI), enabling it to manage and, where possible, mitigate operational risks within a comprehensive risk management framework. It is particularly designed to highlight critical risks that require focused attention and resource allocation at the national level.

Where multiple sub-factors are relevant within a single risk category, the Office of the State Minister and the Secretariat are expected to apply informed judgment to determine an overall risk rating, considering both the probability and potential impact.

Risk ratings are classified as **High (H)**, **Substantial (S)**, **Moderate (M)**, and **Low (L)**. The qualitative assessments presented below support the initial rating assignments and are subject to revision during periodic evaluations.

## **1. Political and Governance**

Following recent political reconciliation efforts—particularly in Northern Ethiopia and parts of Oromia—positive trends are emerging that support peace and stability. These developments lay a strong foundation for directing focus towards national development and reconstruction initiatives, which are critical for the revitalization of the construction sector. This improved political climate is expected to create a more enabling environment for implementing the DCI Road Map and sectoral development projects.

However, despite progress, intermittent instability in certain regions continues to disrupt project execution and delays progress on Development of the DCI goals. From a governance perspective, institutional realignments and enhanced accountability measures have been implemented over recent years. Nevertheless, the capacity of both federal and regional stakeholders, including the Ministry, requires further strengthening to effectively lead and manage the reform process.

**Risk Rating: Substantial**

## **2. International Economic Environment**

The international economic environment significantly shapes the performance of the construction sector through its influence on input costs, financing conditions, and supply chains. Global commodity price volatility—can lead to unpredictable construction costs and delays. Disruptions in international supply chains, driven by geopolitical tensions or shipping constraints, can affect the timely delivery of critical materials and equipment. Additionally, tightening global financial conditions, reduce access to affordable external financing for both public infrastructure projects and private construction investments. These external pressures create uncertainty and raise the overall cost and complexity of delivering construction projects.

**Risk Rating: Moderate**

## **3. Sector Policies and Strategies**

The construction sector remains multifaceted, with overlapping responsibilities across fragmented institutional frameworks. Stakeholders operate at various levels—Federal, Regional, Zonal, and Urban—with both vertical and horizontal relationships, encompassing regulatory, operational, and enforcement roles.

However, the forthcoming enactment of the revised DCI Policy and Proclamation, along with the establishment of a high-level Construction Council, is expected to significantly strengthen institutional coordination and regulatory oversight. These reforms are essential for aligning sector activities with national development priorities and achieving long-term stability in sector governance.

**Risk Rating: Moderate**

#### **4. Formulation and Design of the Road Map**

The DCI Reform and Transformation Road Map is a comprehensive and ambitious plan developed through inclusive, multi-stakeholder consultation processes. It incorporates inputs from the revised Construction Policy, the new DCI Proclamation, a review of the ten-year development plan, and international benchmarking to inform best practices and innovation.

The formulation process was iterative and participatory, ensuring that the Road Map reflects stakeholder priorities and practical insights. While the comprehensive nature of the design enhances its relevance, it also introduces implementation complexity.

**Risk Rating: Moderate**

#### **5. Leadership and Coordination**

The Government has demonstrated strong commitment by establishing a high-level Construction Council, chaired by the Prime Minister, to guide sector-wide transformation. This Council is instrumental in driving a culture of accountability, transparency, and inclusive leadership across the sector.

The Office of the State Minister for Infrastructure serves as the Secretariat and Program Management Office (PMO) for the DCI Transformation Plan. The Ministry is actively fostering partnerships with industry stakeholders to ensure effective coordination and shared responsibility. This approach marks a pivotal step in sector leadership reform, although further capacity development is required at implementation levels.

**Risk Rating: Moderate**

## 6. Stakeholder Engagement

The success of the DCI Road Map depends heavily on the active involvement of diverse stakeholders; ranging from government agencies to private sector actors and community beneficiaries. The framework promotes both vertical and horizontal coordination across federal, regional, and urban institutions.

However, the transformation of the construction sector is not a top-down process; it requires collective ownership and behavioral change among all stakeholders. Lasting change emerges from leadership, collaboration, open communication, and a willingness to challenge the status quo.

Stakeholders must continually ask: *What can we do differently? How can we work better together?* Given the complexity of stakeholder coordination and the cultural shift required.

**Risk Rating: Substantial**

**Table 6.1: Current Risk Rating**

Risk Category	Rating
Political and Governance	Substantial
International Economic Environment	Moderate
Sector Policies and Strategies	Moderate
Formulation & Design of the Road Map	Moderate
Leadership and Coordination	Moderate
Stakeholders participation	Substantial

## VII. Transformation Schedule and Planning Matrix

Transforming Ethiopia's construction sector is a complex, long-term undertaking that requires phased, coordinated, and adaptive interventions. While systemic change will take time to fully materialize, it is crucial to define clear short- and medium-term deliverables that are realistic and measurable. This approach is consistent with the 10-Year Development Plan which emphasizes results-based planning, institutional transformation, and performance-driven execution across all economic sectors.

The Construction Industry Policy similarly recognizes that fragmented coordination, weak enforcement mechanisms, and inconsistent planning have historically hindered sectoral performance. Addressing these challenges requires a strategic roadmap that is both ambitious in vision and flexible in execution.

The DCI Reform and Transformation Plan is, therefore, designed as a seven-year strategic framework, supporting the longer-term objectives of the Road Map, particularly in improving infrastructure delivery, creating employment, and enhancing urban and regional development. While early progress is already visible, annual performance reviews will play a critical role in identifying what can be reasonably achieved in the short term, helping to course-correct where necessary.

However, it is important to acknowledge that not all pillars and actions currently included in the plan may deliver the desired impact at scale or with the necessary efficiency. Some interventions may require realignment, consolidation, or expansion to match the ambition of national development goals. As such, the scale, effectiveness, and delivery mechanisms of key initiatives must be periodically reviewed.

The Planning Matrix (PM) serves as a strategic tool, providing a high-level summary of the Reform and Transformation Plan. It outlines the sub-programs, specific activities, performance indicators, and key assumptions. While different Matrices provided in section IV and V offer snapshots of the initial seven-year plan, it is intended to be a living document, subject to continuous refinement based on performance outcomes, sectoral feedback, and evolving national priorities. A more detailed version of the Planning Matrix is available at each Implementing Agency/Stakeholder as a separate document for the respective programs, projects and deliverables.

