Report of the State Comptroller of Israel |
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Ministry of Transportation and Road Safety

# Economic Feasibility Assessments of Transportation Projects

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## Background

The Ministry of Transport and Road Safety (the Ministry of Transport) is tasked with managing and formulating policy within the transportation sector, as well as providing services for maritime, aerial, and terrestrial transportation systems. Among its responsibilities, the Ministry engages in the planning, development, and regulation of integrated transportation infrastructure and systems that advance mobility and logistics for both Israeli citizens and visitors, as well as various components of the Israeli economy.

This audit report focuses on land transportation projects, the majority of which are funded through the state budget. From 2020 to 2023, the Ministry of Transport allocated financing for transportation projects at an average expenditure of approximately NIS 20 billion annually, representing about 4% of the total state budget. This amount constitutes the highest civilian investment budget ("development budget"), among all the governmental ministries' investment budgets. In light of this, the average annual investment in road infrastructure during this period totaled NIS 8.6 billion, accounting for approximately 43% of the development budget, and the average annual investment in heavy rail infrastructure totaled NIS 4.3 billion, equivalent to roughly 22% of the development budget.

The Infrastructure Planning and Development Administration[1] (Infrastructure Administration) within the Ministry of Transport handles the operational aspects of all land transportation infrastructures, which encompass various components: heavy trains, mass transit systems in metropolitan areas, public transportation infrastructures, inter-city roads, and municipal roads[2]. The Administration's responsibilities include, among others, the formulation of multi-year plans for transportation infrastructure development projects, the coordination and synchronization of all components of land transportation infrastructures, and the formulation and execution of the Ministry's development budget.

The projects are advanced through government and municipal infrastructure companies[3] (infrastructure companies), which are responsible for executing the planning process and subsequently carrying out the project via private execution contractors. In its capacity, the Infrastructure Administration is also responsible for ensuring efficient budget management

1 Budget proposal for fiscal years 2021–2022.

2 The Ministry of Transport also participates in the financing, planning, and construction of transportation projects in urban areas, and these projects are carried out by local authorities and infrastructure companies.

3 The national infrastructure companies: (a) Netivei Israel – National Transport Infrastructure Company Ltd.; (b) Israel Railways Ltd.; (c) NTA – Metropolitan Mass Transit System Ltd.; (d) Netivei Ayalon Ltd.; (e) Cross-Israel Highway Ltd.; (f) Moriah – Jerusalem Development Corporation Ltd.

and for monitoring the execution of projects in accordance with the budget and established timeframes.

The Economic Policy Research and Design Department (Economic Research Department), within the Department of Economics, Budgeting and Strategy at the Ministry of Transport, engages in the assessment of the economic feasibility of projects through the application of transportation models. Additionally, it conducts various studies pertaining to transportation infrastructure from economic and other perspectives, including the updating of the Transportation Project Assessment Procedure[4]. The feasibility assessment aims to examine whether the benefits derived from the project exceed the costs associated with its establishment and maintenance.

Given the high rate of natural increase in Israel, the level of density in the country – which is already elevated – is anticipated to go up further in the future. In light of the existing deficiency in transportation infrastructure, investment in this sector is critical for the sustained economic and social development of the country. Given their significance for economic functionality, the reduction of social disparities, and the alleviation of congestion costs borne by residents, as well as their complexity and their impact on the state's budget, it is imperative that the construction of transportation infrastructure projects be undertaken following a rigorous selection process and long-term planning, involving an examination of project costs, construction methodologies, and the anticipated benefits to the public, with the objective of identifying the projects that offer the greatest economic advantages within the established budgetary framework.

4 Ministry of Transport and Road Safety, Ministry of Finance, Ministry of Environmental Protection, **Transportation Project Assessment Procedure** (2021). This is the fourth procedure in the series of procedures, and it replaces the 2012 version. The first version of the procedure was published in early 1997 and updated in 2006.

## Key Figures

**39.6%**
**by 2050**

The expected population growth rate in Israel in the years 2024–2050 according to the UN forecast – compared to the global average of 18.7%

**1% of GDP**

The rate of investment in transportation infrastructure in Israel – similar to the average for OECD countries. This rate is insufficient due to the high natural population growth in Israel and the relatively limited infrastructure availability

**NIS 24–48 billion**

The estimated cost of damage to the Israeli economy due to road congestion, according to the Ministry of Finance estimate from 2024, and the OECD estimate from 2023

**About 120 months**

The execution time of a typical transportation project, of which the length of the planning process is estimated at approximately 76 months, and its cost is estimated at approximately 13% of the project cost

**317 feasibility assessments**

were conducted in 2015–2024 by the Ministry of Transport. An economic feasibility assessment is carried out as part of the planning process to examine whether the benefits of the project outweigh its costs. Of this, 37% of the assessments were conducted for projects carried out by infrastructure companies and the remainder for low-cost municipal projects. However, almost always only the selected alternative, which is usually chosen by the infrastructure company, is examined without the other alternatives being brought to the Ministry of Transport for review, and hence the choice between the various alternatives is made without examining their economic feasibility

**Only one engineer**

within the Infrastructure Administration deals with approving payment requests from infrastructure companies that build, through private contractors, the national transportation infrastructure. There are no additional engineers involved in approving projects and overseeing their management

**Only 15,681 passengers**

Passed through the Dimona train station in January–November 2024 – about 1.6% of the estimated 965,000 passengers annually at this station

**NIS 2.45 billion**

The discrepancy between the expected investment cost of the "Nofit" light rail line, equivalent to NIS 8.2 billion at end-2024 prices, and the initial cost estimate from 2010, equivalent to NIS 5.75 billion at end-2024 prices

# Audit Actions

From August 2024 to March 2025, the Office of the State Comptroller examined the processes for the approval of transportation projects, focusing on the economic feasibility assessments conducted during this period. Among the matters examined were processes for preparing strategic plans and five-year plans; economic feasibility assessments of transportation projects conducted in the past or in progress within the Ministry of Transport, in accordance with the "Transportation Project Assessment" Procedure, including the manner of generating cost estimates and benefit projections, their accuracy and the weight given to them within the decision-making processes.

The audit was executed across several units within the Ministry of Transport, specifically targeting the Infrastructure Planning and Development Administration and the Economic Policy Research and Design Department. Additional examinations were carried out within the Budgets Department at the Ministry of Finance, as well as in the government infrastructure entities Netivei Israel – National Transport Infrastructure Company Ltd. (Netivei Israel), Israel Railways Ltd. (Israel Railways), Cross-Israel Highway Ltd. (Cross-Israel Company), and Netivei Ayalon Ltd. (Netivei Ayalon).

# Key Findings

**Density in Israel and Investment in Transportation Infrastructure: An International Comparison –** From 2020 to 2023, the Ministry of Transport allocated an average of approximately NIS 20 billion annually towards transportation projects (of which an average annual investment of NIS 8.6 billion was dedicated solely to road infrastructure during this period), constituting roughly 4% of the total state budget each year, in contrast to an average annual cost of NIS 10.7 billion (approximately 3.2% of the total state budget), from 2014 to 2017. This is the highest civil development budget in relation to the other government ministries.

Forecasts indicate that Israel's population will grow by 39.6% between 2024 and 2050, as opposed to a global average of 18.7%, (ranking 163rd out of 222 countries and territories[5]), thereby yielding a population of 13 million residents. This estimate is relatively conservative compared to projections from the Central Bureau of Statistics (CBS), which anticipates a growth rate in this period of 56.5%, resulting in a population

5 The State of Israel is ranked 223rd out of the 293 countries, territories, and "groups of countries".

of 15.7 million residents. Accordingly, United Nations data project that by 2050, Israel will rank among the most densely populated nations globally (204th out of 222 countries and territories), with 604.9 individuals per square kilometer, contrasted with a global average of 74.1 individuals per square kilometer.

In 2019 the Bank of Israel[6] found that Israel's investment in transportation infrastructure accounts for approximately 1% of its Gross Domestic Product, comparable to the average investment rate among OECD countries. However, this rate is deemed inadequate for two reasons: (a) the rapid growth of Israel's population necessitates a relatively high level of investment to maintain a constant capital per capita; (b) given the low level of transportation infrastructure in Israel compared to the OECD, a higher investment rate is required to bridge the gap[7]. The OECD also estimated[8] that the rate of public investment in infrastructure within Israel does not keep pace with the population growth rate.

In light of Israel's significant natural population increase and the current and anticipated density levels, investments in transportation infrastructure – particularly in mass transit systems – are essential for the nation's continued economic and social advancement. The existing lack of transportation infrastructure, evidenced by road infrastructure levels that are 35% lower than the average in OECD countries and railway infrastructure levels that are 15% lower than the OECD average, and the various investment alternatives, necessitates judicious allocation of the resources invested in transportation infrastructure for choosing the most economically feasible projects in terms of cost-benefit for the economy.

**Transportation Project Approval Process –** The approval process for transportation projects is complex and protracted, necessitating the endorsement of long-term, medium-term, and short-term plans, as well as statutory approval of plans (required for determining the suitable land designations at the project site). Additionally, the process requires the establishment of priorities for the planning, budgeting, and execution of projects, taking into consideration the relevant factors, including planning elements, the projects' contributions to national development, and their economic feasibility. The audit found that while the planning of the transportation network ought to be anchored in an approved national outline plan, and even though the development of NOP 42 – an integrated national plan for land transportation infrastructure – was initiated in 2007, with anticipated approval by the end of 2011, as at the audit end date, approximately

6 Bank of Israel, **Special Report of the Research Division: Raising the Standard of Living in Israel by Increasing Labor Productivity** (August 2019).

7 According to the Bank of Israel, "Population growth erodes the size of the infrastructure capital stock per capita over time, since infrastructure investment made today must serve a larger population in the future. The faster the population growth rate, the more significant this erosion rate is. Therefore, in order to maintain a given level of infrastructure capital stock per capita (or infrastructure capital stock relative to GDP), a higher investment rate must be maintained the higher the population growth rate".

8 OECD Economic Surveys: Israel 2023, April 2023.

18 years later, the government had yet to sanction the new NOP due to ongoing disputes between the Ministries of Transport and Finance, resulting in its non-implementation.

- **Transportation projects – Case studies –** In the feasibility assessments of three projects examined by the Office of the State Comptroller, the following findings emerged:

  - **The Haifa-Nazareth light rail line ("Nofit" project) –** The cost of constructing the "Nofit" light rail line increased from approximately NIS 5.75 billion (as projected in 2010 and adjusted to 2024 prices) to an estimated cost of NIS 8.2 billion (including VAT, in 2024). However, the Ministry of Transport did not request a new feasibility assessment to examine the project's ongoing economic feasibility.

  - **The Dimona train station –** The economic feasibility assessment conducted for the construction of the Dimona train station estimated a future number of passengers at approximately 965,000. In reality, however, during October-November 2024, only 3,063 passengers utilized the train station, which corresponds to an annual rate of 18,378 passengers (not accounting for seasonality), representing merely 1.9% of the forecasted figure.

  - **The "Keshet Modi'in" railway project –** The project intended to connect the Modi'in railway to the high-speed line to Jerusalem revealed a discrepancy between the forecasts for daily passenger increases at each of the three stations involved. Collectively, the actual number of passengers was found to be approximately 10% lower than the forecasted increase.

- **Establishing a Professional Knowledge Base in Transportation Projects – The Employment of Engineers –** Transportation projects are characterized by substantial budgets, the necessity for long-term planning, high technical and managerial complexity, potentially extended construction timeframes, and substantial financial investments, estimated at approximately NIS 20 billion annually, utilized to finance numerous projects executed by various entities. The management of these many entities, the maintenance of control over significant financial resources, and need to address transportation challenges necessitate a robust professional knowledge infrastructure composed of professionals and appropriate information systems. The audit disclosed that, despite observations made by the State Comptroller in 2017 and 2022, as well as remarks from the internal audit at the Ministry of Transport in 2023, and despite the fact that the Ministry of Transport is prepared for the construction of multiple mass transit infrastructures (such as the metro and many light rail lines in the Tel Aviv metropolitan area), there has been a decline in the number of engineers employed within the Infrastructure Administration over the past four years (from 18 engineers in 2020 to 14 engineers in 2025, reflecting a net loss of four personnel). Furthermore, the engineering positions are not fully staffed, with a staffing rate of 82%, indicating a shortage of three engineers in the Senior Traffic Planning and Infrastructure Division. As of the audit end date, only one engineer is employed in the Infrastructure Administration, tasked with the

approval of payment requests from infrastructure companies, and no additional engineers are engaged in project approval or management oversight.

- **Long Term Plans – Strategic Plans –** Long term plans, such as startegic plans and master plans, are designed to articulate the transportation vision of the State of Israel and delineate the transportation landscape that the Ministry of Transport aspires to manifest over an extended timeframe. A strategic plan assesses the transportation requirements of the economy, the technological changes and anticipated mega-trends in Israel and throughout the world, establishing a vision, goals, objectives, outcome indicators, courses of action, and planning principles[9]. Some strategic plans include a prioritized list of projects for implementation based on their contribution to the economy from transportation, economic, and social aspects. The audit disclosed that some of the strategic plans pertaining to the various transportation sectors were executed over a decade ago, with both the Ministry of Transport and the Ministry of Finance failing to update them subsequently; for instance, the Public Transportation Development Plan was published in 2012, and the transportation plans for the Haifa (draft) and Tel Aviv metropolitan areas were published in 2015-2016. Furthermore, it was found that the Ministry of Transport did not formulate a strategic transportation plan for the Be'er Sheva metropolitan area and has not finalized the strategic plan for the Haifa metropolitan area, which remains in draft form.

- **Medium-Term Plans – Five-Year Plans –** A medium-term plan is a work plan that outlines the infrastructure company's activities and objectives for the forthcoming years, typically over five years. In accordance with the five-year plan, the Ministry of Finance and the Ministry of Transport compile the budgetary allocations for the projects, based on which infrastructure companies annually initiate projects for planning and implementation. The audit revealed that among the infrastructure companies, Netivei Israel and Israel Railways, possessed five-year plans; however, the Ministry of Transport has not sanctioned five-year plans for Netivei Ayalon and the Cross-Israel Company, resulting in the execution of their activities without a coherent medium-term plan, which may create uncertainty for the companies involved.

- **The Transportation Project Planning Process –** The planning process comprises several essential stages: initial planning, statutory planning, early planning, and detailed planning. At the conclusion of each stage, an "adjudication committee" convenes; this is an internal committee, consisting of professionals from the infrastructure company who evaluate the project data and determine whether to advance the project or discontinue it. The committee significantly impacts the selected route and its configuration within the principles established in the strategic plan. It was found that the Ministry of Transport, whose role includes serving as the "national planner" of transportation infrastructure, accepts the adjudication committee's decisions without being presented with the various project alternatives - their respective costs and benefits. Consequently, its ability to

9 Ministry of Transport, **Comprehensive Strategic Plan for Transportation until 2050, Thought Workshop** (February 2025).

influence the project in accordance with professional and national considerations is constrained.

- **Conducting Feasibility Assessments for Various Types of Projects –** Data obtained from the Economic Research Department reveal that between 2015 and 2024, the Department executed 317 feasibility assessments at different stages of the planning process. Economic feasibility assessments are typically performed in accordance with the Transportation Project Assessment Procedure[10], which serves as the official handbook of the Ministry of Transport and the Ministry of Finance, establishing a systematic methodology for assessing the feasibility of land transportation projects, including the mapping and quantification of both the establishment and maintenance costs of the project, while conversely mapping and quantifying anticipated public benefits, primarily in terms of travel time savings. The audit found that the Transportation Project Assessment Procedure is defined as "encompassing all types of land transportation infrastructure projects: roads and rails, municipal and inter-city transportation, public and general transportation, small and large projects…", and is "a mandatory document for the purpose of preparing feasibility assessments of projects in the land transportation sector in Israel". In practice it was found that the Ministries of Transport and Finance do not conduct feasibility assessments for a substantial number of projects. The Office of the State Comptroller points out to both ministries their failure to establish or define clearly criteria and standards for determining which projects require feasibility assessments, with the matter being left to the individual discretion of officials within these ministries. For instance, the benefits associated with rail projects are evaluated for the rail network as a whole and not for specific routes; projects connecting new neighborhoods are exempted from the feasibility assessment requirement; and urban projects are prioritized through alternative models, without assessment of their feasibility. Additionally, the majority of the routes associated with the MRTS (Mass Rapid Transit System, including light rail and bus rapid transit [BRT] lines) were not subjected to examination. Furthermore, a "mega project" such as the metro in the Dan metropolitan area, costing approximately NIS 150 billion, according to preliminary estimates, was not evaluated by the Economic Research Department, but. was assessed independently of the department by an international firm, utilizing a slightly different methodology from that established in the Transportation Project Assessment Procedure. Consequently, in practice, an economic feasibility assessment according to the Transportation Project Assessment Procedure is conducted almost solely for inter-city road projects and for initiatives executed by local authorities.

- **Feasibility Assessments for Public Transportation Projects –** In recent years, there has been an increase in the number of public transportation projects, in alignment with the policies of the Ministry of Transport and the Ministry of Finance aimed at

10 Ministry of Transport and Road Safety, Ministry of Finance, Ministry of Environmental Protection, **Transportation Project Inspection Procedure** (2021). This is the fourth procedure in the series of procedures, and it replaces the 2012 version. The first version of the procedure was published in early 1997 and updated in 2006

reducing private vehicle usage while augmenting reliance on public transportation. The audit found that the Transportation Project Assessment Procedure inadequately captures the benefits emanating from these projects. Data derived from feasibility assessments conducted by the Economic Research Department[11] reveal that roads (both municipal and inter-city) exhibit an average benefit-cost ratio of approximately 2.6, surpassing that of public transportation modes, which yield an average benefit-cost ratio of only 1.28. This discrepancy may suggest that the advantages of road construction are ostensibly greater than those stemming from public transportation projects; however, such an assertion is not necessarily accurate.

- **Conducting the Feasibility Assessment in the Project Planning and Approval Process –** The audit found that, in deviation from the Transportation Project Assessment Procedure guidelines, which stipulate the necessity of conducting a feasibility study twice during the project's planning stages to inform decision-making processes as the project progresses, the Ministry of Transport predominantly conducts a single feasibility assessment through the Economic Research Department, at various stages of the planning process. This practice does not typically coincide with critical decision-making junctures regarding the approval of project continuance and configuration (road, bridge, tunnel). The audit found that in practice there lacked a guiding principle as to which stage of the project planning a feasibility assessment should be conducted. For instance, between the years 2015 and 2024, a total of 317 feasibility assessments were conducted by the Economic Research Department- 29% during the early planning stage, 22% during the detailed planning stage, 18% in the initial planning stage, and the rest in other stages. It was also found that the study was predominantly conducted on the selected alternative only, typically chosen by the infrastructure company, without the other alternatives being presented for consideration by the Ministry of Transport. Consequently, decisions between alternatives are made without an examination of their economic feasibility, inhibiting the ability to prioritize options based on their prospective costs and benefits.

- **The Weight of the Economic Feasibility Assessment Within the Decision-Making Process for Project Approval –** The feasibility assessment provides decision makers with information on the anticipated costs and benefits of the project, based on a systematic and uniform analysis, and the audit even disclosed a broad consensus among officials regarding the assessment's importance. However, the role and significance of the feasibility assessment within the decision-making system concerning the initiation of a transportation project remains ambiguous and poorly regulated. The reason for this is that the project evaluation is generally conducted only subsequent to project selection for planning and execution, rather than during the formulation of the outline plans, the strategic frameworks, and the five-year plans. Moreover, an economic feasibility assessment is conducted at various stages of project planning, not necessarily

11 A compilation of data received from the Economic Research Department. The database includes 425 feasibility studies conducted for roads (municipal and inter-city) and 11 studies of public transportation: train line (2 studies), train station (3), BRT (3), light rail (3).

at critical decision-making junctures, and is not even conducted on all the alternatives, but on the alternatives that have already been chosen, thereby failing to function as a decision-support instrument. Finally, in light of the protracted nature of statutory procedures, it transpires that land availability incentivizes the advancement of the project, even when its viability is inferior to that of other projects that are not available for development.

- **Transportation Models –** The significance of updated models lies in their capacity to forecast public behaviorand they are used for short-, medium-, and long-term transportation planning and the performance of feasibility assessments. The audit revealed delays within the Ministry of Transport concerning the completion of work on the new transportation models relative to initial timeframes, and particularly with respect to the national model, which has been neither maintained nor routinely updated and continues to rely on outdated surveys despite its central role in the transportation system. It was also found that there are currently no transportation models for the Haifa and North metropolitan areas or the Be'er Sheva metropolitan area. The transportation models are predicated upon travel behavior surveys (designed to reflect public preferences). The last national travel behavior survey was conducted in 1996, and since then this worktool has been lacking and replaced by regional surveys only. However, the models presently employed by the Ministry of Transport are also based on old travel behavior surveys conducted between 2011 and 2019.

- **Oversight of the Work of External Consultants –** The Economic Research Department engages external consultants to perform feasibility assessments for projects and checks the comprehensiveness of the assessments. To this end, the Department provides estimated project costs, as derived from the infrastructure company, which the consultant employs to assess and quantify anticipated project benefits, thereby enabling calculation of the project's benefit/cost ratio. Despite the expectation that the feasibility assessment report will inform decision-makers in the approval of substantial state budget allocations, the audit revealed that the Ministry of Transport does not subject the feasibility assessment submitted by the external consultants to review by an expert on its behalf.

- **Discount Rate –** The discounting rate applied to the payment stream and benefits derived from a project significantly influences the investment viability therein. Despite substantial fluctuations in the economy's interest rate environment over the past three decades – a decline from 13.7% in 2006 (the year the Transportation Project Assessment Procedure was first published), to a zero level in certain years, followed by an increase to 4.75% in mid-2023 – the discounting rate employed for conducting feasibility assessments remains unchanged at 7%. In 2021, the Ministry of Transport incorporated into the Transportation Project Assessment Procedure a guideline for including sensitivity tests pertinent to the discounting rate; however, the audit team discovered that this guideline was not comprehensively implemented. Specifically, in several feasibility assessments, no sensitivity test at the 4% discounting rate is presented alongside the

central test at 7%. Furthermore, the feasibility assessment presents the conclusions in alignment with the primary analysis, while the sensitivity study is relegated to an appendix, so that the decision-maker is not clearly exposed to two results between which there is liable to be a significant discrepancy. Additionally, there lack clear criteria for ascertaining a project's economic viability in situations where the sensitivity study's findings contradict those of the feasibility assessment.

- **Presentation of Passenger Forecasts –** The feasibility assessment is a document that delineates the nature of the project, encompassing the anticipated travel forecast, which constitutes a central element in predicting the benefits emanating from the project's establishment. Although the primary impetus for conducting a project pertains to passenger numbers, the data related to this parameter are neither clearly nor transparently articulated in the feasibility assessment report. The assessment document does not explicitly mention the expected daily usage of the project in terms of passenger volume, opting instead for the term "average morning peak hour"; it fails to specify the anticipated number of vehicles traversing the project, utilizing instead the terms "vehicle unit"[12] or "passenger hours". While the data presentation adheres to the Transportation Project Assessment Procedure, the readability of the feasibility assessment is not simple and and is likely to be less accessible to the reasonable reader who lacks transportation expertise. Moreover, the it is likely to prove impossible to compare data regarding the number of passengers with the actual figures after the launching of the project, as the Central Bureau of Statistics collates data on traffic volumes across road segments via various methodologies, some delineated in terms of vehicles and others in "Comparable Vehicle Units". Furthermore, road operators gather data using cameras or radars, which likewise count vehicles.

- **Organizational Changes and Senior Staff Turnover in the Infrastructure Planning and Development Administration at the Ministry of Transport –** The Infrastructure Administration's responsibilities encompass numerous core activities, including the planning of the national transportation system, the prioritization of projects valued at approximately NIS 20 billion annually, their approval and budget allocation (their approval and funding?), and the oversight and regulation of their execution. To this should be added the increase in transportation infrastructure construction activities, and the expectation of sustained construction efforts in the forthcoming years, as delineated in the strategic plan for 2050. Consequently, the engineering component and the presence of an extensive and professional knowledge base within the Administration are highlyimportant. The audit revealed that between 2020 and 2025, five appointments were made to the role of Head of the Infrastructure Planning and Development Administration; one appointment to a temporary, five-month interim position at the end of 2020, while as of August 2025 the position is being staffed by a temporary official, in an acting capacity. Furthermore, three department heads vacated their positions during

12 The term CVU (Comparable Vehicle Unit) is used to standardize several different types of vehicles in terms of private vehicles. For example: a private vehicle, commercial vehicle, and taxi are 1 CVU, buses and light trucks are 1.8 CVU, and a heavy truck is 2.2 CVU units.

this timeframe, and as of July 2024, the role of Director of the System Planning Division, operating under the Senior Transportation Planning Division, remains unfilled. Furthermore, the deputy head of the Administration left in March 2025, in addition to frequent structural changes within the Administration itself, characterized by shifts in managerial and employee personnel, as well as the establishment, dissolution, and division of departments. This persistent turnover and inadequacy in staffing senior roles within the Infrastructure Planning and Development Administration impedes managerial continuity, exposes the system to a considerable loss of knowledge, and may detrimentally affect project advancement.

- **Information Systems in the Infrastructure Administration –** The Infrastructure Planning and Development Administration is tasked with overseeing and regulating the implementation and progress of projects; however, it lacks a centralized information system for project data. This deficiency has been noted several times by the Office of the State Comptroller, beginning as early as 2017. In practice, information pertaining to transportation projects is recorded manually within personal computer folders and spreadsheets. Among other things, it was found that the original cost estimates and schedules were updated retrospectively, precluding any tracking of nonconformities therein. In the absence of a suitable information system, the transfer of a few staff members from these departments is enough to cause loss of knowledge and harm to business continuity, to the monitoring of viability of a specific project, and to the full picture of the projects. This issue is exacerbated in contexts characterized by high turnover rates among managers and professional personnel. The lack of information and organizational memory are likely to impede the Infrastructure Planning and Development Administration and the Ministry of Finance in their work to make ongoing and systematic improvements in public fund investment, as the lack of documentation obstructs the establishment of quality control measures over project execution. Furthermore, the absence of a database that includes the systematic recording of information about projects hampers evaluation of the quality of pricing models and the need to improve them, as it is impossible to consolidate and compare all estimates against overall execution costs in the course of several years.

  In the absence of a historical information infrastructure concerning transportation projects conducted by the Ministry of Transport and infrastructure companies, and in light of the manual management of data, the Office of the State Comptroller had difficulty acquiring information, making it impossible to analyze past performance and derive conclusions regarding the final costs of project execution and the resultant benefits in relation to the forecasts and economic estimates provided during the planning stages.

# Key Recommendations

- In light of the current state of affairs, wherein the Infrastructure Administration depends heavily on external consultants to execute a substantial portion of its core functions, while obligated to conduct effective control over their activities, it is recommended that the Ministry of Transport comprehensively staff the engineering positions and align the scope of tasks with both the number of positions and staffing levels. Furthermore, it is advisable that the Ministry of Transport appoint qualified professionals to senior positions within the Infrastructure Administration and ensure the establishment of management continuity, which is required particularly in units responsible for initiating, executing, and overseeing long-term projects that entail economic ramifications and significant budgetary implications.

- It is recommended that the Infrastructure Planning and Development Administration within the Ministry of Transport organize the extensive information it possesses and render it accessible to the Administration's personnel and other stakeholders, by integrating information systems within all infrastructure companies, which will automatically interface with the Ministry of Transport's information system, thereby ensuring data compatibility. In this way, the project data will be extracted directly from the systems of the infrastructure companies and will serve all the units engaged in the planning and budgeting of the projects, as well as in the supervision and regulation of them. The Ministry of Transport is also advised to ensure that the information system presents in a clear fashion complete, measurable, and comparable project data, along with the incorporation of a standardized SKU (stock keeping unit) that will accompany each project across various stakeholders. It is also recommended that the system include original data, such as cost estimates at the various planning stages, to enable an examination of the cost development of transportation projects.

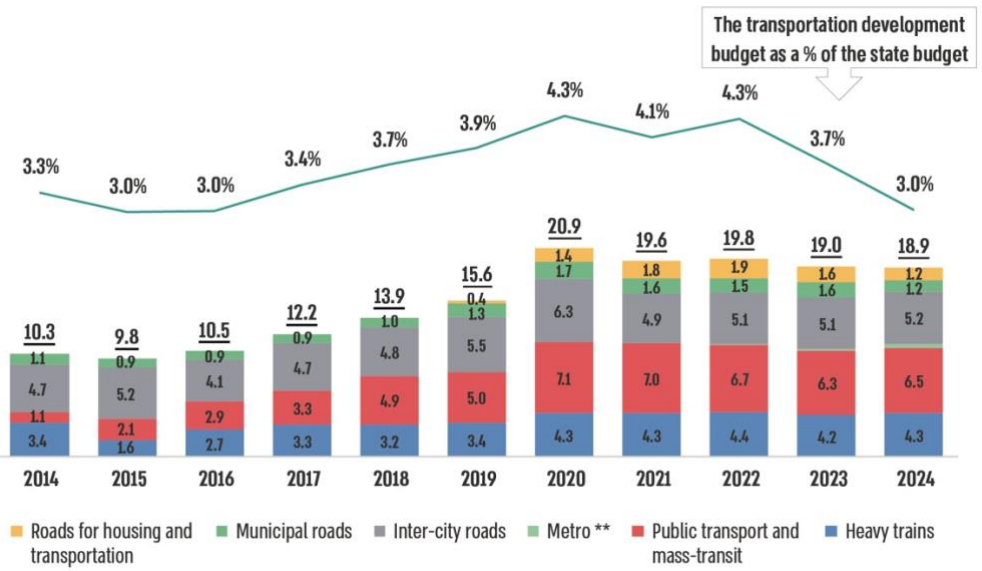
- It is advisable that the Ministry of Transport and the Ministry of Finance tailor the Transportation Project Assessment Procedure to different categories of transportation projects and regulate the performance of economic feasibility assessments and the utilization of the Procedure, elucidating in which cases the assessment is requisite, the format it should adhere to, and the applicable guidelines. This is especially pertinent to projects that are currently excluded, in practice, from the Procedure, including mega-projects, certain heavy rail lines, and housing roads. It is further recommended that the Ministry of Transport and the Ministry of Finance revise the Transportation Project Assessment Procedure to enable the reliable and precise quantification of the benefits arising from public transportation initiatives, such as public transit routes, high-occupancy lanes, heavy rail systems, and MRT systems (e.g. light rail and BRT lines). It is also recommended that the Ministry of Transport develop a uniform ranking system for transportation projects from different domains, enabling comparison and prioritization among various projects, thereby making possible the examination of transportation alternatives based on the economic benefits derived therefrom.

- It is recommended that the Ministry of Transport, in its capacity as the "national planner", the Ministry of Finance, responsible for approving project financing from the state budget, and the infrastructure companies, anchor the role of the economic feasibility assessment within the decision-making framework pertaining to the advancement of transportation projects. This may be achieved by designating the assessment as a "decision-supporting document", which, in conjunction with other considerations, will tip the balance regarding project implementation approval. Should the Ministry of Transport or the Ministry of Finance contend that certain projects entail considerations that surpass the economic feasibility assessment (including political, social, security, transportation, and other factors), they should specify these considerations in a transparent, systematic, and methodological manner within the project approval documentation. Furthermore, the Ministries of Transport and Finance should mandate that two feasibility studies be conducted at different stages of the projects, as delineated in the Transportation Project Assessment Procedure, or alternatively, consider the implementation of a "rolling examination" that will ensure the existence of economic viability at a progressively detailed level as the project advances through the various planning stages, thereby providing input for decision-makers at significant decision-making junctures. It is also advised that ongoing work procedures incorporate the execution of feasibility assessments at fixed stages of the project.

- The Ministry of Transport is encouraged to routinely evaluate the benefits derived from transportation projects post-implementation and compare the findings with the economic feasibility assessment and forecasts presented prior to project initiation. Should notable discrepancies arise between the anticipated benefits and those actually obtained, it is recommended that the Ministry of Transport revise and enhance the feasibility assessments and the models employed for benefit estimation to ensure the establishment and prioritization of transportation projects according to the real public benefit deriving from them. Additionally, the Office of the State Comptroller advises that the Ministry of Transport also routinely assess the final costs of the projects and compare them to various cost estimates, particularly the estimates used for conducting the feasibility assessment, drawing lessons regarding transportation project pricing.

- The Office of the State Comptroller advises the Ministry of Transport to incorporate a centralized information system for documenting the feasibility assessments, enabling among other things the examination of assessment quality upon completion of the project. It is further recommended that this information system be connected to the project management office information system to conduct a cross-cutting examination of the accuracy of feasibility assessments and to monitor project compliance with forecasts, drawing lessons from them. Until structured databases are established, it is recommended that the Ministry of Transport explore the analysis of work materials using an artificial intelligence system tailored to the Ministry's needs, including considerations related to information security.

## The Ministry of Transport's Development Budget Broken Down into Areas, Execution in Billions of NIS and its Share of the State Budget in the Years 2014–2023




According to the Ministry of Finance website, "Fiscal Digital" files: breakdown of expenditures by state budget items, processed by the Office of the State Comptroller.

* Excluding the public transportation support item intended for the payment of subsidies required to cover the operating costs of buses, heavy trains and light rail, which are not covered by passenger revenue.

** The metro budget during this period is negligible.

# Summary

Between 2020 and 2023, the Ministry of Transport allocated funding for transportation projects at an average expenditure of approximately NIS 20 billion per year, constituting around 4% of the total state budget. This is the highest civilian investment budget ("development budget") among all the investment budgets of government ministries. Given their significance for economic functionality, the reduction of social disparities, and the reduction of congestion costs borne by residents, as well as their complexity and budgetary implications, it is imperative that the construction of such projects be undertaken following a rigorous selection process, involving an assessment of their economic viability for the economy, which includes an examination of project costs and the anticipated benefits to the public, with the objective of selecting the projects that offer the greatest economic advantages within the established budgetary framework

The audit found that although the project planning process includes a guideline to conduct two feasibility assessments at the planning stages of the project, as laid down in the Transportation Project Assessment Procedure - which serves as the authoritative guide for conducting economic feasibility assessments of transportation initiatives - in practice, only a single feasibility study is conducted for the majority of projects. Furthermore, this assessment is not necessarily executed at central junctions where it is decided whether to approve continuation of the project, and if so - in what configuration. It was also found that the Transportation Project Assessment Procedure is defined as a mandatory procedure for all types of land transportation infrastructure projects; however, it was found that in practice a significant portion of these projects do not undergo a feasibility assessment by the Ministries of Transport and Finance. Additionally, the methodology delineated in the Transportation Project Assessment Procedure is designed to evaluate predominantly benefits within the domain of road infrastructure and is not fully adapted for the assessment of mass transportation projects, which include public transport, light rail, and metro systems. Furthermore, the Procedure lacks a defined economic threshold for conducting an economic feasibility assessment, and its status and influence within the decision-making process remain insufficiently clear.

It was also found that the Ministry of Transport lacks engineering personnel, with an elevated managerial turnover and a shortage of staff for senior roles within the Infrastructure Administration, which is tasked with the planning and execution of transportation projects. Additionally, the Ministry lacks an information infrastructure concerning both completed and ongoing transportation projects, with the information being managed manually. Consequently, the transfer of just a few staff members to new positions suffices to cause loss of knowledge and harm to business continuity, as the organization of information largely depends on the memory and familiarity of specific employees with operational materials.

Implementation of the recommendations embedded within the report's chapters has the potential to enhance the planning processes for transportation infrastructure in Israel, while increasing transparency in the decision-making processes regarding project approval and prioritization, improving the alignment of transportation planning with public requirements, and facilitating a more efficient utilization of public resources.