State of Israel

Ministry of Transport And Road Safety

Mr. Gideon Siterman – Director General
Ministry of Transport & Road Safety - Our Vision

The Ministry is responsible for the planning, development and regularization of fully integrated transport infrastructure and systems, with strict adherence to safety; advancing mobility and logistics services contributing to Israel's economic growth and social well-being.
Main Transport Policy Objectives

• Development of integrated transport systems.
• Market responsive mechanism:
  ■ The regulation of main sectors: public transport and railways, seaports, civil aviation.
  ■ Ministry of Transport focusing on defining policy/objectives and monitoring/supervision – outsourcing of implementation, operation and maintenance activities.
  ■ Privatization of services.
• Greater involvement of private sector – PPP projects.
• Regional integration of transport systems.
# Israeli Economic and Transportation Indicators 1990-2006

<table>
<thead>
<tr>
<th>Indicators</th>
<th>1990</th>
<th>2006</th>
<th>Growth Rate, % (1990-2006)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GENERAL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Population (Millions)</td>
<td>4.7</td>
<td>7.1</td>
<td>51%</td>
</tr>
<tr>
<td>GDP (Index)</td>
<td>100</td>
<td>193</td>
<td>93%</td>
</tr>
<tr>
<td><strong>TRANSPORT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Vehicles (Millions)</td>
<td>1.07</td>
<td>2.1</td>
<td>93%</td>
</tr>
<tr>
<td>Cargo at Ports (Millions of tons)</td>
<td>18</td>
<td>36.3</td>
<td>102%</td>
</tr>
<tr>
<td>Passengers - International Flights (Millions)</td>
<td>3.6</td>
<td>8.8</td>
<td>144%</td>
</tr>
<tr>
<td>Containers (Thousands Teu)</td>
<td>507</td>
<td>1,766</td>
<td>248%</td>
</tr>
</tbody>
</table>
SAFETY POLICY - MAJOR PRIORITIES FOR THE 2007/08 WORK PLAN

- FORMING COMPREHENSIVE AND INTEGRATED PLANS FOR ALL TRANSPORT SECTORS, WITH EMPHASIS ON SAFETY;
- UPDATING AND IMPLEMENTING MULTI-YEAR PLANS FOR TRANSPORT INFRASTRUCTURE DEVELOPMENT;
- BRINGING THE PERIPHERAL COMMUNITIES CLOSER TO THE CENTRAL REGION;
- RE-EXAMINING AND IMPLEMENTING AN UPDATED AVIATION POLICY FOR THE STATE OF ISRAEL;
- RECEIVING APPROVAL AND PROMOTING A MASTER PLAN FOR ISRAEL’S PORTS FOR IMPLEMENTATION BY THE YEAR 2055.
- IMPLEMENTING STRUCTURAL CHANGES IN THE TRANSPORT SECTOR;
- REDUCING TIME SCHEDULES FOR CARRYING OUT ASSIGNMENTS AND REDUCING BUREAUCRACY.
OBJECTIVES OF THE MINISTRY’S DEVELOPMENT PLAN

- Increasing transport infrastructure investment share in the GDP from 1.2% in 2006 to 2% in 2011.

- Planning and developing integrated transport systems.

- Determining a multi-year 2007-2011 investment program for urban areas, with adjustment of the ministry’s internal priorities – transferring budget sources from interurban areas to urban areas.
Israel - Investment in Transport Infrastructure Development

(Billions of Dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment (Billions of Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-2006</td>
<td>8.9</td>
</tr>
<tr>
<td>2007-2011*</td>
<td>12.0</td>
</tr>
</tbody>
</table>

* - estimated

Increase: 35% +
Investment in Transport Sector as a percentage of GDP

* - All transport branches, include Private Sector, European average – 1%
ISRAEL’S EXPERIENCE IN ADVANCING PPP PROJECTS
What is PPP?

- It is all about Partnership…
- A Partnership that utilizes the benefits of Public and Private sectors.
- A Partnership that wisely allocates risks between parties who better mitigate those risks.
- A long term, leveraged, project finance activity.
- Benefits in terms of quality, management and creativity for network development, in the past were not sufficiently appreciated.
Today, PPP is becoming an integral part of international Economic Public Policy.

PPP is being implemented in the USA, Canada, Asia, Eastern and Western Europe and in the Middle East.
Our Vision

- **Investments in infrastructure** enhances economic growth

- **Private sector’s involvement** can improve level of government’s supplied services

- **Optimizing risk allocation between the public and the private sectors** can contribute to public wealth
The government has decided to focus primarily on the following industries:

- Rail/Mass Transit Systems
- Highways
- Ports
- Water desalination and sewage treatment
- Buildings
- Energy
Israel – Total Investment in PPP

Total Investment - Approx. $7 Billion

Transport, 87%

Water, 7%

Building, 6%
Israel – Total Investment in PPP

✓ **Transport – $6,100 Million:**
  - First LRT Line in Tel-Aviv
  - First LRT Line in Jerusalem
  - Cross Israel Highway, sections 12-17
  - Cross Israel Highway, section 18
  - Carmel Tunnels
  - Highway 431
  - Highway 531
  - Road 22 – Krayot Bypass
  - Fast Lane to Tel-Aviv

✓ **Water – $500 Million:**
  - Desalination plants – Ashkelon, Hadera, Palmachim

✓ **Building – $400 Million:**
  - Prison facility (Beer-Sheva)
  - Energy center, Government Complex Parking Lot, Knesset building extension, the Government Complex
  - Health – 2 hotels for new mothers, welfare center
  - 3 Law courts (Herzliya, Tel Aviv, Petah Tikva)
SUGGESTED TRANSPORT RELATED PPP PROJECTS

**Purpose** – to promote further PPP project implementation during 2007-2015

12 additional projects covering all transport sectors – land, sea, air

**Total investment** – over $4 billion (in addition to previous/implemented projects at an investment of $6.1 billion)
2008 WORK PLAN

MAJOR PROJECTS
2008 WORK PLAN - MAJOR PROJECTS

✓ ADVANCING POLICY TO ENCOURAGE USE OF PUBLIC TRANSPORT;

✓ DETERMINING AND IMPLEMENTING AN OUTLINE FOR CONTINUING THE PROCESS OF PUBLIC TRANSPORT PRIVATIZATION;

✓ PREPARING AN INTEGRATIVE PLANNING PROGRAM FOR LAND TRANSPORT;

✓ IMPLEMENTING RECOMMENDATIONS FOR ADVANCING NEW PROJECTS INVOLVING THE PRIVATE SECTOR;

✓ STRUCTURAL CHANGES IN THE LICENSING DEPARTMENT;

✓ REGULARIZING A SYSTEM FOR MONITORING AND CONTROL OF ISRAEL RAILWAYS.
Israel - Investment in Transport Infrastructure Development For 2008

(Millions of Dollars)

<table>
<thead>
<tr>
<th>Branch</th>
<th>Budget Proposal 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Transport Budget - Land Transport Infrastructure Development</td>
<td>1,291</td>
</tr>
<tr>
<td>Railway Infrastructure - Israel Railways Company</td>
<td>376</td>
</tr>
<tr>
<td>Aviation Infrastructure - Airports Authority</td>
<td>75</td>
</tr>
<tr>
<td>Marine Infrastructure - Port Companies</td>
<td>168</td>
</tr>
<tr>
<td><strong>Total Transport Infrastructure Investments</strong></td>
<td><strong>1,909</strong></td>
</tr>
</tbody>
</table>
Main Projects 2007-2011 - Examples
Jerusalem Mass Transit System Project
Jerusalem Mass Transit System Project

• The First Line - 15 km: From Mount Herzl To Pisgat Ze'ev
• Total Cost – 800 Million $ 
• Operating – 2010
Tel Aviv Mass Transit System Project

Stage 1 – The “Red” Line
Stage 1 – The “Red” Line

- **Passengers forecasts** - 100-120 million per year are expected to use the Red Line by the year 2020.

- **Length**: 22 km., 10 km. of which - below grade in a tunnel.

- **Route**: Bat Yam - Tel-Aviv Jaffa - Ramat Gan - Petah Tikva.

- **33 Station**: 23 stops at grade level & 10 underground stations.

- **Expected Operation** – 2012/13.

- **The Concessionaire was chosen** – MTS International Group (Israeli, Chinese, German, Portugal companies).

- **Overall estimated cost** – **2 Billion Dollars**.
Public Private Partnership

Road 431
Public Private Partnership - Road 431

- 20 km. Highway, include 12 Interchanges:
  Modi’in – Road 6 – Ayalon Highway

- Overall estimated cost – 600 Million Dollars.

- 7/2005 – concession agreement

- Opening for traffic – 2008/09
Projects 2007-2011 – Main Examples

- Extension of Toll Highway No. 6 – PPP Project
  - Overall estimated cost – 250 Million Dollars.

- Fast Train to Jerusalem
  - Overall estimated cost – 1.2 Billion Dollars.

- Krayot Bypass - Highway, BOT Project
  - Overall estimated cost – 500 Million Dollars.

- Carmel Port in Haifa, “HaYovel” Seaport in Ashdod (completion works)

- New airport in Eilat zone
Ha-Emek Railway Regional Multimodal Project
Ha-Emek Railway
Regional Multimodal Project

Haifa

Makibli (to Jenin)

Beit Shean

Sheikh Hussein Bridge
The **Ha-Emek Railway** project connecting Europe and East Mediterranean was recognized as a high priority project by the conference of Ministers in Marrakech.

A Double Track Rail Connection from the port of Haifa through Israel and eastwards to Jordan – proposed through International Financial Support;

Linking to the Palestinian Authority – the “Jenin Extension”.

An Initial Estimated Additional Cost – **approx. 300 Million Euro**.