

**DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

Approved by the Board of Directors on 9 September 2026¹

MOLDOVA

Moldova TEN-T Road Network Rehabilitation

[Redacted in line with the EBRD's Access to Information Policy]

[Information considered confidential has been removed from this document in accordance with the EBRD's Access to Information Policy (AIP). Such removed information is considered confidential because it falls under one of the provisions of Section III, paragraph 2 of the AIP]

¹ As per section 1.4.8 of EBRD's Directive on Access to Information (2024), the Bank shall disclose Board reports for State Sector Projects within 30 calendar days of approval of the relevant Project by the Board of Directors. Confidential information has been removed from the Board report.

For the avoidance of any doubt, the information set out here was accurate as at the date of preparation of this document, prior to consideration and approval of the project.

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ABBREVIATIONS / CURRENCY CONVERSIONS

AADT	Annual Average Daily Traffic
AESR	Annual Environmental and Social Reports
AFIR	Alternative Fuel Infrastructure Regulation
AMI	Annual Mobilised Investment
ATQ	Assessment of Transition Qualities
BCR	Benefit-Cost Ratio
CGAP	Corporate Governance Action Plan
CRO	Climate Resilience Outcome
EIA	Environmental Impact Assessment
EIRR	Economic Internal Rate of Return
EPIC	Eastern Partnership Investment in Connectivity
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ETI	Expected Transition Impact
EURIBOR	Euro Interbank Offered Rate
FIDIC	International Federation of Consulting Engineers
GBVH	Gender Based Violence and Harassment
GDP	Gross Domestic Product
GET	Green Economy Transition
GRM	Grievance Redress Mechanism
HGV	Heavy Goods Vehicle
HR	Human Resources
IDD	Integrity Due Diligence
IFI	International Financial Institution
LARF	Land Acquisition and Resettlement Framework
MGP	Moldova Growth Plan
NBM	National Bank of Moldova
NIP	Neighbourhood Investment Platform
NRA	National Road Administration
OHS	Occupational Health and Safety
OSS	One-Stop-Shop
PA	Paris Agreement
PAS	pro-European Party of Action and Solidarity
PIA	Project Implementation Adviser
PP&Rs	Procurement Policies and Rules
SEP	Stakeholder Engagement Plan
SSF	EBRD Shareholder Special Fund
TEN-T	Trans-European Transport Network

CURRENCY CONVERSIONS

EUR /MDL	2022	2023	2024	2025
Period average	19.90	19.64	19.25	19.59
As of period end	20.42	19.36	19.31	19.76

PRESIDENT’S RECOMMENDATION

This recommendation and the attached Report concerning an operation in favour of the Republic of Moldova (the “Borrower”) are submitted for consideration by the Board of Directors.

The facility will consist of a sovereign loan to the Borrower in the amount of up to EUR 344 million, structured in two tranches, to finance the M3 and R7 road sections (the “Project”). Tranche 1, of up to EUR 175 million[REDACTED] will finance the rehabilitation and construction works on R7 road sections, and Tranche 2, of up to EUR 169 million [REDACTED] will finance the rehabilitation and construction works on M3 road sections. The Project is expected to be co-financed by two investment grants (up to EUR 11.4 million from the European Union (“EU”) Neighbourhood Investment Platform (“NIP”) and up to EUR 7.7 million from Connecting Europe Facility (“CEF”)), as well as by the Government’s contribution of up to EUR 34.2 million from the EU Moldova Growth Plan (“MGP”).

The Project is a strategic priority for the Republic of Moldova. It reflects its focus on extended Trans-European Transport Network (“TEN-T”) network and will support the Government’s efforts to ensure key road links are maintained to acceptable standards, to facilitate economic growth and strengthen regional integration and connectivity. The Project is included in the Eastern Partnership TEN-T Investment Action Plan and is consistent with the Solidarity Lanes approach by focussing on core corridors to ensure transportation of goods between Ukraine and the European Union.

The Project’s Transition Impact (“TI”) will arise from enhanced regional integration achieved by improving transit connectivity between major cities and neighbouring countries (Integrated). Targeted technical assistance will facilitate sectoral reforms, including strengthening of Corporate Governance at the National Road Administration (“NRA”), establishment of a One-Stop Shop (“OSS”), an integrated platform designed to streamline all licensing services and procedures for e-charging infrastructure, and development of the National Road Sector Masterplan (the “Masterplan”). The Masterplan will serve as a long-term, prioritised, and financially viable framework for the advancement and maintenance of Moldova’s national road network including development of a Road Funding Strategy (Well-Governed). The Project is Gender Additional by embedding equal opportunities into the NRA’s corporate governance and by integrating inclusive design considerations in the OSS, building on the Bank’s prior National E-Mobility Strategy engagement.

The pre-signing Technical Cooperation (“TC”) support for the Project preparation has been provided by the EU-funded Eastern Partnership Investment in Connectivity facility (“EPIC”), the EBRD Sustainable Infrastructure Fund (“SIF”), and the EBRD Shareholder Special Fund (“SSF”). The post-signing TC support will aim to strengthen sector planning, enhance governance and service delivery and is expected to be financed by EU NIP and EPIC.

I am satisfied that the operation is consistent with the Bank’s Strategy for Moldova 2023–2028, Bank’s Infrastructure Sector Strategy 2025–2029, the Gender Equality and Human Capital Strategy (2026 - 2030), EBRD Digital Approach 2026-2030, and with the Agreement Establishing the Bank.

I recommend that the Board approve the proposed loan substantially on the terms of the attached Report.

Odile Renaud-Basso

BOARD DECISION SHEET

MOLDOVA Moldova TEN-T Road Network Rehabilitation	
Transaction / Board Decision	Board approval ² is sought for a sovereign loan of up to EUR 344 million, structured in two tranches, in favour of the Borrower to finance (i) the rehabilitation and construction works on R7 road sections (Tranche 1 of up to EUR 175 million committed at signing) and (ii) the rehabilitation and construction works on M3 road sections (Tranche 2 of up to EUR 169 million uncommitted). The loan is expected to be co-financed by two investment grants (up to EUR 11.4 million from the EU NIP, and up to EUR 7.7 million from CEF), as well as by the Government's contribution of up to EUR 34.2 million from the MGP. [REDACTED]
Client	The Borrower is the Republic of Moldova, represented by the Ministry of Finance. The Project will be implemented by the Ministry of Infrastructure and Regional Development ("MoIRD"), through the NRA (the "Implementing Agency").
Main Elements of the Proposal	Transition impact: The Project will support Integrated transition quality by improving regional road infrastructure and strengthening cross-border connectivity along a TEN-T corridor linking Ukraine, Moldova, and Romania. It will also support Well-Governed transition quality by advancing key sector reforms, including a Corporate Governance Action Plan ("CGAP") for the NRA, a long-term National Road Masterplan, a multi-annual financial framework, and the introduction of a One-Stop Shop for e-charging infrastructure licensing. Additionality: The Bank will provide long-term financing, which is presently not available from local commercial banks and will complement other International Financial Institution ("IFIs"). It will also support the MoIRD and the NRA to achieve higher standards through its conditionalities (procurement, environmental and social ("E&S"), digitalisation) as well as support institutional and regulatory changes in the sector. Gender Additionality: strengthening gender standards by embedding equal opportunities into the NRA's corporate governance (including a dedicated Equal Opportunities Policy and Action Plan) and by integrating inclusive design considerations in the OSS digital platform. Sound banking: The transaction is a sovereign loan. The Bank's Standard Terms and Conditions apply.
Key Risks	Sovereign Creditworthiness: Moldova remains a creditworthy borrower. In April 2026, Moody's upgraded Moldova's rating from B3 to B2 with a Stable Outlook. In October 2025, S&P Global Ratings assigned the Republic of Moldova its first long- and short-term sovereign credit ratings of BB-/B, with a stable outlook and an expectation for growth acceleration and policy continuity. In March 2026, Fitch reaffirmed its B+ rating with a Stable Outlook, citing manageable government debt levels and continued external financial support Implementation: The Project will be implemented by the Project Implementation Unit ("PIU"), which has previous experience in implementing IFI-funded projects and will be supported by an independent international consultant. The Lender's Monitor will provide additional oversight. All works and services financed from the Bank's loan will be procured following an open tendering procedure in accordance with the requirements of EBRD Procurement Policies and Rules ("PP&R") for public sector operations.
Strategic Fit Summary	The Project is consistent with the Bank's Strategy for Moldova 2023–2028, the Bank's Infrastructure Sector Strategy 2025–2029, the Gender Equality and Human Capital Strategy (2026 - 2030), EBRD Digital Approach 2026-2030, and with the Agreement Establishing the Bank.

² Article 27 of the AEB provides the basis for this decision.

ADDITIONAL SUMMARY TERMS FACTSHEET

EBRD Transaction	A sovereign loan of up to EUR 344.0 million, in two tranches to the Borrower: • Tranche 1 of up to EUR 175.0 million, [REDACTED]to finance the rehabilitation and construction works on R7 road sections; and • Tranche 2 of up to EUR 169.0 million, [REDACTED]to finance the rehabilitation, widening and construction works on M3 road sections. The Project is expected to be co-financed by two investment grants of up to EUR 11.4 million EU NIP and up to EUR 7.7 million from CEF, as well as by the Government's contribution of up to EUR 34.2 million from the EU MGP. [REDACTED]			
Mutual Reliance	No.			
Existing Exposure	Sovereign exposure: As of 30 June 2026, EBRD's sovereign portfolio in Moldova totals EUR 944 million, of which EUR 197 million in operating assets.			
Maturity / Exit / Repayment	Tenor of 18 (eighteen) years[REDACTED] [REDACTED]			
Potential AMI eligible financing	None.			
Use of Proceeds - Description	The proceeds of the loan, along with the grant funding, will be used to finance: • civil works contracts in relation to the rehabilitation and construction of the R7 road sections (ca. 62 km) and the M3 road sections (ca. 72 km); • consultancy contracts for the related PIU and Supervision support; and • the cost of PIU experts. Fron-end Fee will be paid by the Client.			
Investment Plan	[REDACTED]			
Financing Plan	[REDACTED]			
Key Parties Involved	• Borrower: Republic of Moldova, represented by the Ministry of Finance. • Project Implementing Agency: MoIRD, through the NRA. • Co-financiers: EU NIP, CEF and the Borrower.			
Conditions to subscription / disbursement	[REDACTED]			
Key Covenants	[REDACTED]			
Security / Guarantees	Sovereign loan.			
Other material agreements	• EU NIP Grant Agreement(s) between the Republic of Moldova (Ministry of Finance) and the EBRD, governing the use of EU NIP investment grant resources allocated to the Project. • EC-EBRD Contribution Agreement between the European Commission and the EBRD, defining the terms under which EU NIP funds are entrusted to EBRD for implementation. • Letter of Engagement between the Republic of Moldova (Ministry of Finance) and the European Commission, related to the EU concessional loan forming part of the national contribution under the MGP.			
Other donor-supported instruments other than guarantees	Donor instrument Choose an item.	Short description of instrument	CCY & amount	Fund and Donor Name(s)
	Technical Assistance	Feasibility Study	€335,555	[REDACTED]

	Technical Assistance	E&S Due Diligence, Environmental and Impact Assessment and Road Safety Audit	€480,000	[REDACTED]
	Technical Assistance	National Road Sector Masterplan to support strategic framework for Moldova's road sector development and to determine investment and maintenance needs.	€2,000,000	[REDACTED]
	Technical Assistance	Corporate Governance Action Plan Implementation Support	€ 350,000	[REDACTED]
	Technical Assistance	One-Stop Shop to develop a licensing system for EV charging infrastructure for a single, centralized digital portal.	€ 500,000	[REDACTED]
	Financial Assistance: CAPEX/OPEX grant	EU NIP CAPEX grant to co-finance the rehabilitation and supervision of the R7 and M3 road sections.	€ 11,400,000	[REDACTED]
<i>Client cost sharing: The Client will provide financial contribution to the Project by financing the services of PIU Support and Supervision Consultant from EBRD loan proceeds in the amount of up to EUR 16.4 million.</i>				

INVESTMENT PROPOSAL SUMMARY

1. STRATEGIC FIT AND KEY ISSUES

1.1 STRATEGIC CONTEXT

Moldova is a landlocked country in Eastern Europe, bordering Romania to the west and Ukraine to the north, east, and south. Despite lacking a direct access to the sea, the country benefits from a narrow frontage of approximately 500-800 metres along the Danube River in its southernmost region, providing limited access to international waterways and trade routes.

Moldova's national road network plays a vital role in connecting urban centres, rural communities, and key cross-border corridors. While the network ensures basic territorial accessibility, its overall condition remains inadequate and continues to constrain economic development and regional integration. This reflects longstanding structural challenges, primarily driven by insufficient and inconsistent funding for the road sector, which has resulted in the progressive deterioration of a significant portion of the infrastructure.

Addressing these challenges will require sustained investment and comprehensive rehabilitation programmes, aligned with European standards. Enhancing road connectivity is essential for supporting Moldova's long-term economic growth, particularly by improving access to EU markets. The country occupies a strategic position in facilitating transport and trade flows between Ukraine and Romania, as well as providing a corridor to the Danube via the Giurgiulesti port and onward to broader European markets.

Looking ahead, a long-term and coordinated approach to road sector development will be critical. The current condition of the road network remains a key barrier to investment (with around 50 per cent of the network assessed as being in a bad or very bad condition). In this context, the Bank's continued close engagement with the Government, international financial institutions, and development partners, remains essential. By financing priority investments and supporting sector reforms, these efforts aim to enhance the quality, resilience, and efficiency of Moldova's road infrastructure.

The Government has identified priority roads, namely the R7 and M3, which are the focus of the proposed Project, and which position Moldova as a key gateway between the EU and Ukraine, strengthening regional supply chains and economic resilience.

- **R7 road** is a national priority road in northern Moldova, classified as public utility of national interest, connecting the northern districts to the Romanian border and serving as a vital corridor for passenger and freight traffic with the EU. Its strategic importance has grown significantly following the damage of the Mayaki bridge over the Dniester River - the last functioning Ukrainian crossing in the Odesa region - which disrupted up to 60 per cent of fuel imports to Ukraine and forced the redirection of significant traffic flows through Moldova. As a result, the Cosauti-Yampil pontoon crossing, which feeds directly onto the R7 corridor towards Chisinau, has effectively become the primary eastern gateway from Ukraine into Moldova for civilian and humanitarian traffic. Moldova's deteriorated road infrastructure represents a significant constraint to economic growth, raising the costs of internal and external production and trade; rehabilitating R7 will reduce vehicle operating costs, shorten travel times, and improve road safety for all users, including the substantially increased transit traffic.

- **M3 road** acts as the primary, strategic artery that connects Chisinau to the Giurgiulesti International Free Port on the Danube, offering a direct access to international waterways, which is vital for importing and exporting goods.

As part of the TEN-T and TEN-T Comprehensive corridors, the R7 and M3 also provide vital regional connectivity between Moldova, Romania, and Ukraine, promoting regional integration and economic development. The route is also part of the EU-led Solidarity Lanes, which facilitate essential goods transport, especially in the context of the military invasion of the territory of Ukraine by the Russian Federation, by providing efficient trade routes.

The Project is aligned with the European Union's Economic and Investment Plan (the "EIP") for Neighbourhood East and its 2021-2027 Eastern Partnership Priorities, in particular, its priority to enhance transport connectivity by enhancing regional connectivity, fostering economic integration, and strengthening sustainable transport links within the TEN-T.

Moldova's road sector is being shaped by a broader policy agenda focused on improving connectivity, safety, sustainability and digitalisation. Within this framework, the rehabilitation of the R7 and M3 corridors is closely aligned with the Government's wider transport reform priorities, including the National Road Safety Programme 2025–2030, the National Mobility Strategy 2023–2030, and emerging work on intelligent transport systems. Together, these policies aim to strengthen Moldova's integration with the TEN-T network, improve passenger and freight mobility, enhance road safety, and support more efficient, future-ready transport infrastructure consistent with EU standards and Moldova's accession ambitions.

Additionally, the gender equality within the NRA is not yet fully embedded at the operational level, including the client's governance arrangements, technical processes, planning methodologies or project implementation practices. Women are underrepresented in administrative functions, with limited presence in technical and leadership roles, and the organisation lacks gender-responsive HR systems, sex-disaggregated data and performance frameworks to address these gaps. To respond to this gap, the Project will strengthen gender equality at the corporate level by embedding equal opportunities into NRA's governance and HR systems, including the adoption and implementation of an Equal Opportunities Policy and Action Plan focused on gender-responsive recruitment and promotion practices, systematic collection and use of sex-disaggregated data, and Board-level diversity criteria and oversight. These measures are expected to institutionalise accountability for gender outcomes and support women's progression into technical and leadership positions.

In parallel, as Moldova advances its e-mobility agenda, existing gender gaps risk limiting women's access to emerging economic and employment opportunities. Building on the gender and human capital priorities outlined in the EBRD-supported National E-Mobility Strategy, the OSS will integrate a gender lens throughout its design and operation by identifying indirect permitting barriers for women-owned or women-led businesses, ensuring inclusive and mobile-friendly digital access, enabling voluntary gender-disaggregated data collection through the platform's reporting dashboard, and promoting gender-balanced participation across consultations, pilots and all capacity building activities.

The Project is consistent with the Bank's Infrastructure Sector Strategy 2025–2029, by promoting resource efficiency and sustainable infrastructure, the Gender Equality and Human Capital Strategy (2026 - 2030) by promoting human capital and gender equality objectives, EBRD Digital Approach 2026-2030, by promoting designing and operationalising digital platform for charging infrastructure, and with the Country Strategy for Moldova 2023–2028 by promoting greater regional connectivity through improved transport links and investing in road network.

1.2 TRANSITION IMPACT

Primary Quality: Integrated

Obj. No.	Objective	Details
1.1	The Project delivers material quality improvements of the current infrastructure between or within regions that are currently inadequately integrated.	The Project will support Moldova's economic development and strengthen its physical integration by enhancing transit connections and strategic transport corridors both within the country and with neighbouring countries, including Ukraine and Romania. It will improve connectivity between major urban centres, facilitate cross-border trade, and reinforce Moldova's role as a key transit route in the region. The Project will upgrade critical sections of the national road network through the rehabilitation of the R7 and M3 road corridors, which are currently in poor condition. These investments will improve road quality, reduce travel times and vehicle operating costs, enhance road safety, and increase the reliability and resilience of key regional and international transport links.

Secondary Quality: Well-Governed

Obj. No.	Objective	Details
2.1	The Project and associated TC activities will mandate the introduction of municipal or regional authority (i.e. multi-municipality) to plan and coordinate infrastructure provision where such arrangements are not common in the country.	National Road Sector Masterplan, to be developed under this Project will provide a long-term, prioritised and financially realistic framework for the development and maintenance of Moldova's national road network. It will identify capital investment and maintenance needs over a medium- to long-term horizon, with a focus on TEN-T corridors, cross-border connectivity, road safety, climate resilience, digital infrastructure and EU acquis requirements (including Intelligent Transport System ("ITS") and Alternative Fuel Infrastructure Regulation ("AFIR")). Using asset condition, traffic, safety and economic criteria, the Masterplan will establish a transparent methodology to prioritise investments and distinguish between critical maintenance, rehabilitation backlogs and strategic upgrades. The Masterplan will also define a coherent financial framework for the sector – in the form of a Road Funding Strategy - by assessing long-term funding requirements of the NRA against existing budget arrangements, notably the Road Fund. It will identify financing gaps and set out recommendations to improve funding adequacy, predictability and efficiency, including through multi-annual budgeting, strengthened asset-management linkages, and alignment with EU cost-recovery principles (e.g.

		Heavy Goods Vehicle (“HGV”) charging). Adopted as a government-level planning tool, the Masterplan will guide annual and medium-term investment decisions and serve as a common reference for coordination with IFIs and EU partners.
2.2	The company will improve its Corporate Governance (“CG”) from a base level that is below average in the country and sector.	A comprehensive CGAP will be developed and agreed between the NRA and the Bank, addressing all areas for enhancements identified by the Bank. The NRA will improve its corporate governance by applying the CGAP. [REDACTED]there will be Bank-led TC to support the implementation of CGAP’s key recommendations. Based on the initial findings of the Bank-conducted corporate governance review, CGAP should address the identified issues related to the Board effectiveness and composition, improvements to the internal control functions and facilitate greater transparency and disclosure practices.
2.3	The CGAP addresses all CG issues identified in the company.	NRA is a newly established Joint Stock Company (established in 2025) which has not yet adopted its corporate governance practices. [REDACTED]
2.4	[REDACTED]	The corporate governance assessment has been conducted by the Bank and all identified issues will be reflected in the CGAP.
2.5	There will be no impact of the CGAP beyond the client.	[REDACTED]
2.6	There will be no impact of the CGAP beyond the client.	CGAP is focused on NRA level only.
2.7	Streamline administrative procedures for EV charging infrastructure deployment by introducing the One-Stop Shop	This action aims to streamline the permitting process for the installation of EV charging infrastructure through the establishment of a centralised, digital OSS. At present, the permitting framework for charging stations is complex and fragmented, requiring approvals from multiple institutions, including national and local authorities, land registries, energy regulators, environmental agencies, and construction oversight bodies. This administrative fragmentation leads to delays in project implementation, increases investor uncertainty, and discourages private sector participation. The proposed OSS would simplify administrative procedures by providing a single digital interface through which project developers and businesses can apply for, track, and obtain all necessary permits. These would include authorisations related to land use, construction, energy compliance, environmental requirements, and utility connections.

Digital Approach: The Project is aligned with the Adaptation area of intervention outlined in the EBRD Digital Approach 2026-2030, as the Project supports the use of digital solutions to address administrative fragmentation and improve the efficiency and transparency of public service delivery. It promotes a centralised digital interface to streamline complex procedures, reducing delays, lowering administrative costs, and improving predictability.

1.3 ADDITIONALITY

Identified triggers	Description
A subsequent/consecutive transaction with the same client with the same use of proceeds and in the same destination country.	The Project is a repeat sovereign transaction with Moldova and the MoIRD/NRA in the road sector. EBRD continued involvement is critical to support the Government's efforts to ensure key road links are maintained to acceptable standards to facilitate economic growth and regional integration by strengthening core transport links with a focus on extended TEN-T network. EBRD support will also contribute to strengthening NRA's corporate governance.
Financing Structure - EBRD offers financing that is not available in the market from commercial sources on reasonable terms and conditions, e.g. a longer grace period that is rarely available in the market, restricted foreign currency financing etc. Such financing is necessary to structure the project. - EBRD offers a tenor, which is above the market average and is necessary to structure the project. - Public sector: EBRD investment is needed to close the funding gap. At the same time, EBRD does not crowd out other sources, such as from IFIs, government, commercial banks and/or complements them.	- The Bank will provide the necessary long-term financing with tenor and grace period longer than currently available in the market for the road sector. Due to current market inefficiencies, such financing is not readily available from commercial banks. - The Project is part of a larger investment programme co-financed by the EU, and international donors.
Risk mitigation - EBRD's long-term relationship with key parties provides comfort to them to be willing to take on more risk. - EBRD provides comfort to clients and investors by mitigating non-financial risks, such as country, regulatory, project, economic cycle, or political risks.	- EBRD's long-term relationship and ongoing policy dialogue with the Government, the MoIRD and the NRA enables the Bank to promote further the reform agenda in the road sector and go beyond what commercial funding or public sources would require, including procurement procedures, E&S requirements, gender and equality. - The Project will leverage the results achieved through the EBRD's previous projects in the road sector in Moldova.
Standard-setting: helping projects and clients achieve higher standards - Client seeks/makes use of EBRD expertise on corporate governance improvements, including for climate risk management. - Client seeks/makes use of EBRD expertise on best international procurement standards.	- The Project will support the MoIRD and the NRA to achieve higher standards[REDACTED]. - The Bank will also support the MoIRD and NRA in the development of a National Road Sector Masterplan for the next 10 years, the development of a CGAP for the newly established NRA, and the advancement of the selected measures from the National E-Mobility Strategy, including the establishment of a OSS. As part of the CGAP, the project will include assistance with the implementation of the key actions of the CGAP.

Client seeks/makes use of EBRD expertise for the adoption of gender standards and/or equal opportunities action plans.	- Additionally, the Project components will be procured in accordance with the PP&R for public sector operations. - Gender SMART: The Project will strengthen gender equality within the NRA by embedding equal opportunities principles into corporate governance and HR systems, including an Equal Opportunities Policy and Action Plan and board-level diversity criteria aligned with national legislation and international good practice, addressing gaps in women's representation in technical and leadership roles. Building on the National E-Mobility Strategy, the OSS will apply a gender lens by identifying indirect permitting barriers for women-led businesses, ensuring mobile-friendly digital access, enabling voluntary gender-disaggregated data collection in line with data-protection requirements, and promoting gender-balanced participation in consultations, pilots, and capacity-building. The National Road Sector Masterplan also integrates a gender lens, ensuring investment frameworks advance gender equality and inclusive access to economic opportunities. Together, these measures promote gender-responsive governance and more inclusive public services.
Knowledge, innovation, and capacity building EBRD provides expertise, innovation, knowledge and/or capabilities that are material to the timely realisation of the project's objectives, including support to strengthen the capacity of the client.	EBRD provides expertise, innovation, and delivery capacity critical to timely project implementation, supplemented by TC support. The pre-signing TCs covered technical, economical and E&S due diligence, while the post-signing TCs will support development of the National Road Sector Masterplan, the GCAP for the NRA and the establishment of a digital OSS for installing and operating charging points. The post-signing TCs are expected to be financed by EU NIP and EPIC, with EBRD supporting the funding applications.

1.4 SOUND BANKING - KEY RISKS

Risks	Probability / Effect	Comments
<i>External risks:</i>		
Sovereign risk / Moldova's creditworthiness as the Borrower	Medium / High	This risk stems from the sovereign debt capacity. <u>Mitigation:</u> Moldova remains a creditworthy borrower. In April 2026, Moody's upgraded Moldova's sovereign rating from B3 to B2 with a Stable Outlook. In October 2025, S&P Global Ratings assigned Moldova a credit rating of BB-/B, and in March 2026 Fitch reaffirmed its B+ rating with a Stable Outlook, citing manageable government debt levels and continued external financial support. Moody's recent rating upgrade, the highest in 25 years, highlights stronger governance, progress in EU accession, improved energy security away from Russian dependence, and better crisis management. Average annual inflation reached 7.8 per cent in 2025, before easing to 5.1 per cent year-on-year in February 2026.

		According to the Ministry of Finance of Moldova, as of 31 December 2025 public debt reached 39.2 per cent of the projected Gross Domestic Product (“GDP”) (38.8 per cent as of 31 December 2024) and is expected to rise to 44 per cent by 2027, driven by higher borrowing from the EU and other multilateral/bilateral creditors. This is mitigated by a largely concessional debt profile, increasing international reserves to USD 6 billion in 2025, and low interest costs. According to the International Monetary Fund (“IMF”), Moldova remains at low risk of external debt distress but moderate risk of overall public debt distress, reflecting ongoing vulnerability to adverse shocks.
Geopolitical risk	Medium/ High	1. Potential further spillovers from the military invasion of the territory of Ukraine by the Russian Federation continue to pose risks for Moldova. <u>Mitigation:</u> Security risks remain high but stable. The last parliamentary elections held in September 2025 delivered a majority to the pro-European Party of Action and Solidarity (“PAS”), reinforcing continued EU-accession efforts and reforms under IMF programmes and the EU MGP. The Government continues to focus on Moldova’s socio-economic reforms, strengthening resilience, and advancing EU integration. 2. The war in Iran does not directly affect the Republic of Moldova through military involvement or substantial bilateral economic relations; however, its indirect consequences are considerable, particularly through disruptions in global energy markets and interconnected supply chains. As a small economy, heavily dependent on energy imports, Moldova is especially vulnerable to external shocks. One of the most immediate effects of the conflict is the increase in global oil and natural gas prices, which leads to higher domestic cost for fuel, natural gas, and electricity. <u>Mitigation:</u> To mitigate cost increases under the Project and address potential cost overruns, contingencies ranging from 10 to 20 per cent have been incorporated for each lot of the R7 and M3 road sections.
<i>Project specific risks:</i>		
Construction / Implementation risk	Low / High	The Project’s large scale and long construction period increase implementation risks, including cost overruns, particularly in a high-inflation environment, which could trigger contractor claims for increased costs and Project delays. This can be exacerbated by incomplete or poor quality design documentation for some of the Lots, as well as potential land acquisition needs. <u>Mitigation:</u> The Project will be carried out by the Implementing Agency’s staff, which has previous experience in implementing IFI-funded projects and will be supported by an independent PIU and a Supervision consultant. Cost overruns related to the poor-quality designs will be addressed by running the civil works contracts under Yellow International Federation of Consulting Engineers (“FIDIC”) Book (Design and Build) standards. The Lender’s Monitor will provide additional oversight and will enhance monitoring activities.

		Land acquisition risks are limited, the Project has applied measures to avoid displacement and land acquisition as much as possible and most sections of the M3 (Lots 1 and 3) and R7 (Lots 1–2) involve rehabilitation of existing roads. There is no physical displacement required for M3 and R7, but some economic displacement is unavoidable. Land acquisition for M3 Lot 2 occurred in 2019 prior to EBRD involvement in the Project and was found to be aligned with national legislation. M3 Lot 4 and R7 Lots 1-4 and 6 will require the development of an ESR5 compliant Livelihood Restoration Plan (“LRP”) as a total of 108 private land plots are to be acquired for M3 and 496 for R7. The LRP will be based on a Resettlement Framework developed to align the process with ESR5 and national legislation, with the Resettlement Framework to be included as part of the disclosure package. All works and services financed from the Bank’s loan will be procured following an open tendering procedure in accordance with the requirements of the Bank’s PP&R for public sector operations. In addition, the latest Procurement Plan under the proposed Project was reviewed and approved by EBRD and incorporates contingencies for each lot of the R7 and M3 road sections in range of 10 to 20 per cent, further mitigating cost overruns risks.
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2. MEASURING / MONITORING SUCCESS

Transition Impact Monitoring Indicators

Primary Quality: Integrated

Obj. No.	Monitoring indicator	Details	Baseline	Target	[REDACTED]	TC related
1.1	Improved quality of infrastructure within regions	The R7 road has been rehabilitated and constructed to accommodate an anticipated 80 per cent increase in Annual Average Daily Traffic (“AADT”) by 2032. The M3 road has been rehabilitated and constructed to accommodate an anticipated 30 per cent increase in AADT by 2032.	No	Yes	[REDACTED]	No

Secondary Quality: Well-Governed

<i>Obj. No.</i>	<i>Monitoring indicator</i>	<i>Details</i>	<i>Baseline</i>	<i>Target</i>	<i>[REDACTED]</i>	<i>TC Related</i>
2.1	Corporate Governance Action Plan (“CGAP”) approved[REDACTED]	CGAP approved by Client.	No	Yes	[REDACTED]	N
2.2	Corporate governance improved: Structure and Functioning of the Board	Strengthened the composition, responsibilities and functioning of the Board of Directors of the Company: changes to Board By-laws and Board profile are adopted by the Client.	No	Yes	[REDACTED]	Y
2.3	Actions in the Corporate Governance Action Plan Implemented[REDACTED]	[REDACTED]	No	Yes	[REDACTED]	Y
2.4	Recommended policy or strategy or regulatory framework/ standard agreed by relevant stakeholder(s)[REDACTED]	Preparation and adoption of the National Road Sector Masterplan.	No	Yes	[REDACTED]	Y
2.5	Legal, institutional or regulatory frameworks in target areas improved [REDACTED]	Preparation and adoption of Road Funding Strategy.	No	Yes	[REDACTED]	Y
2.6	Public service contract or Public Service Obligation signed and implemented [REDACTED]	Preparation and adoption / signing of Multi-annual maintenance contract between the NRA and MoIRD.	No	Yes	[REDACTED]	Y
2.7	Regulatory body established or strengthened as targeted [REDACTED]	Establishment of the One-Stop Shop for vehicle charging points within MoIRD.	No	Yes	[REDACTED]	Y

Additional Indicators

Indicator type	Monitoring indicator	Details	Baseline	Target	[REDACTED]	Donor
Advisory & Policy Indicators (Gender SMART)	Practices of the relevant stakeholder improved (equal opportunity practices of the client)	Development, adoption and implementation of an Equal Opportunities Policy and a time-bound Action Plan, aligned with national legislation and international good practice, alongside defined board-level diversity criteria and monitoring mechanisms to strengthen gender-responsive corporate governance and HR practices, including recruitment,	No	Yes	[REDACTED]	Y

		remuneration, career progression, and access to technical and leadership pathways.				
Advisory & Policy Indicators (Gender SMART)	Practices of the relevant stakeholder improved (inclusive infrastructure services/design)	In line with the National E-Mobility Strategy, the OSS will integrate a gender lens by ensuring inclusive digital access, identifying indirect barriers for women-led businesses, enabling voluntary gender-disaggregated reporting, and promoting gender-balanced participation.	No	Yes	[REDACTED]	Y

3. KEY PARTIES

3.1 BORROWER

The Borrower is the Republic of Moldova, represented by the Ministry of Finance.

3.2 IMPLEMENTING AGENCY / CLIENT

The Implementing Agency is the MoIRD, operating via the NRA. Planning and oversight of the road network in Moldova is the responsibility of the MoIRD, while the NRA is the agency responsible for executing road investments, maintenance and safety measures.

The NRA is responsible for the efficient administration of the financial resources allocated from the state budget, the road fund and external sources for the rehabilitation, development, modernisation and maintenance of the national public road network of the Republic of Moldova.

4. MARKET CONTEXT

The national road network of Moldova extends to approximately 10,000 km, of which approximately 6,000 km are national public roads managed by the NRA, including approximately 600 km of express roads, 2,000 km of republican roads, and 3,300 km of regional roads. While the road network is sufficiently developed, its overall condition is considered poor, reflecting prolonged underinvestment in routine and periodic maintenance, requiring substantial rehabilitation and modernisation. Although the road fund increased from Moldovan Leu (“MDL”) 1,080 million in 2013 to MDL 2,874 million in 2023, the road maintenance remains underfunded by about MDL 5.8 billion. According to the latest data from the NRA, 92.5 per cent of the national and 46.1 per cent of the local roads possess either permanent or semi-permanent pavement structure (asphalt concrete, cement concrete, and bituminous mixtures), with the remainder consisting mainly of macadam or earth roads, increasing maintenance costs. This has reinforced the national focus on strengthening transport resilience to safeguard network capacity.

Within this context, the Project targets the rehabilitation of priority sections of the M3 and R7 corridors with poor pavement conditions. The M3 is a strategically important north–south route that supports agricultural and industrial trade and transport, improves access to the Giurgiulesti International Free Port, and strengthens regional connectivity and economic activity in southern Moldova. The R7 enhances east–west connectivity, reinforcing integration with Ukraine and

Romania, and supports local economies by improving access between key towns and neighbouring settlements.

Road safety remains the Government's priority. According to technical due diligence conducted by the Bank, the death rate in Moldova is 50 per cent, which is above the EU average, constituting 84 road deaths per million inhabitants. To solve this, the authorities approved the National Road Safety Programme 2025 - 2030 in June 2025, which aims to halve road fatalities by 2030. The programme focuses on improving road infrastructure conditions, strengthening traffic rules enforcement, enhancing driver behaviour, and better protecting vulnerable road users, in line with Moldova's Mobility Strategy 2030 and EU accession objectives.

In August 2024, the Government has also approved the National Mobility Strategy for 2023–2030, which defines the Government's policy in the transport and transport infrastructure sectors. The Strategy aims to develop an accessible, sustainable, interoperable and safe transport system, fully aligned with the objectives of the National Development Strategy "European Moldova 2030". The Mobility Strategy sets out medium-term objectives to ensure the sustainable development and efficient management of the transport sector, with a focus on improving the efficiency of passenger and freight transport, upgrading transport infrastructure, and strengthening the connectivity of Moldova's strategic transport network with international corridors, especially the TEN-T Network, with a minimal impact on environment. These objectives are further supported by the EU–Moldova Association Agreement, the EU Global Gateway agenda, and the EIP, which underpin regulatory alignment with the EU standards and mobilise investment for priority transport and connectivity projects.

In addition, the Government has developed a National Intelligent Transport Systems ("ITS") Strategy, presented in Chisinau on March 2026, to advance the digitalisation of the transport sector. The ITS Strategy focuses on deploying modern technologies and data-driven solutions to improve traffic management, road safety, network efficiency and interoperability across all transport modes.

5. FINANCIAL / ECONOMIC ANALYSIS

5.1 SOVEREIGN ASSESSMENT

Between 2025 and 2026, Moldova received positive sovereign rating actions from Moody's, S&P Global Ratings, and Fitch Ratings, reflecting improved governance, fiscal stability, stronger energy security, and progress in EU accession.

Moldova was among the economies most affected by the war in Ukraine, with GDP contracting 5.0 per cent in 2022 amid 34.6 per cent inflation. However, GDP growth has since recovered, reaching 2 per cent year-on-year in 2025, driven by strong agricultural performance, robust private-sector investment, and activity in construction and information and communication technology. The real GDP growth registered 2.4 per cent in 2025 and, according to March 2026 Fitch report, is expected to strengthen to 3.6 per cent by 2027, supported by EU-funded public investment under the EUR 1.9 billion MGP. Moldova has finalised the screening phase before beginning EU accession negotiations, and the EU has offered significant financial support (EUR 250 million) to help the country manage the energy price shock. The prospects for the EU accession and associated reforms could drive a stronger recovery in the medium and long term.

Since the Q1 2025 energy shock, caused by expiration of the gas transit contract between Russia and Ukraine, Moldova has accelerated energy diversification away from Russian supplies.

About 70 per cent of Moldova’s electricity is now imported from Romania, although at higher market prices. At the same time, Moldova is rapidly scaling up renewable energy generation, raising installed capacity by 900 per cent since 2022.

Moldova’s macroeconomic policy mix applied by the National Bank of Moldova (“NBM”), including commitment to inflation targeting and exchange-rate flexibility, has supported its capacity to navigate external shocks. Annual inflation averaged 7.8 per cent in 2025, before easing to 5.1 per cent year-on-year in February 2026, reflecting the shift from energy price shocks. Inflation is forecasted to average 5.7 per cent in 2026 and decline to 5.0 per cent in 2027, in line with the NBM’s tolerance range. However, upside risks remain, mainly from potential energy supply disruptions or renewed instability in neighbouring regions of Ukraine, which could increase logistics costs.

Moldova’s government debt remains manageable but on a rising path. According to the Ministry of Finance of Moldova, 31 December 2025 public debt reached 39.2 per cent of the projected GDP (38.8 per cent as of 31 December 2024) and is expected to rise to 44 per cent by 2027, driven by higher borrowing from the EU and other multilateral/bilateral creditors. This is mitigated by the largely concessional debt profile and low interest costs (around 3.4 per cent of general government revenue in 2025). Domestic marketable debt is mainly short term.

External vulnerabilities are also increasing. Potential MGP drawdowns of up to EUR 1.2 billion could raise net external debt to around 21.3 per cent of GDP by 2027, more than doubling from 2025 levels. The current account deficit also widened to a record 19.8 per cent of GDP in 2025, driven by higher energy imports and weaker re-exports to Ukraine, and is expected to remain elevated in 2026–27 as energy costs stay high. These pressures are partly mitigated by rising reserves, which reached about USD 6 billion in 2025.

5.2 ECONOMIC AND SENSITIVITY ANALYSIS

[REDACTED]

5.3 PROJECT PROFITABILITY FOR THE BANK

[REDACTED]

6. OTHER KEY CONSIDERATIONS

6.1 ENVIRONMENT

Categorised A (ESP 2019) due to one of the components (lot 2 of M3 tranche 2) requiring 19 km expansion from 2 to 4 lanes, while Tranche 1 (R7) was categorised as B sub-project.

The Environmental and Social Due Diligence (“ESDD”) with separate E&S assessment of Tranche 1 (R7) and the Environmental and Social Impact Assessment (“ESIA”) for Tranche 2 (M3) were prepared by an independent E&S consultant and focused on the following key E&S impacts and risks: contractor management; air emissions; noise impacts; construction waste management; climate resilience measures; road and public safety; land acquisition and resettlement impacts; potential impacts on sensitive biodiversity areas; stakeholder engagement; and grievance management. Both tranches required local Environmental Impact Assessments (“EIAs”) that were completed, but due to validity date on some lots expiring they would need to be updated prior to construction.

The ESIA for Tranche 2 has been completed, including baseline data collection, and the ESIA package was disclosed on Client's and EBRD website and locally on 1 May 2026. It includes the ESIA report; Environmental and Social Management Plan ("ESMP"); Land Acquisition and Resettlement Framework ("LARF"); Non-Technical Summary ("NTS"); Stakeholder Engagement Plan ("SEP"); Road Safety Audit ("RSA"); and Environmental and Social Action Plan ("ESAP"). No public complaints, requests or concerns have been received as of time of submission during ongoing disclosure period of 120 days till end of August 2026. The ESDD and ESIA confirmed that potential E&S impacts are expected to be site-specific, readily identifiable, and manageable through mitigation measures. Broader environmental impacts will be mainly construction-related, including air emissions, dust, noise, waste generation (including construction and demolition waste). Whilst the Project is structured to meet EBRD E&S PRs, the ESDD and ESIA have identified a number of areas for improvement to be addressed through implementation of the ESAP.

Tranche 1 includes rehabilitation of the existing R7 road with minor land acquisition required for Lots 1-3 and some agricultural plots for Lot 4 to develop the Drochia bypass (3.58km new road) to divert heavy transit traffic from the town centre. Some of the existing sections of the route intersect sensitive Emerald Sites ("Prutul de Mijloc" and "Stancile Nistrene") and national nature reserves (Șaptebani, Lucaceni). Impacts include tree felling and potential disturbance to avifauna and aquatic species. Road under Tranche 2, passes through agricultural and semi-rural landscapes, but comes into proximity with several high-value ecological areas, including four Emerald Sites and, for Lot 4, the Lower Prut Lakes Ramsar and Biosphere Reserve. The biodiversity assessment confirmed that impacts related to the rehabilitation will be temporary and localised within the existing road footprint and will not lead to increased environmental impact or contravene the conservation objectives of the recognized areas. A high-level critical habitat screening concluded that critical habitat criteria are not triggered. The screening conclusions will be verified prior to construction to ensure accuracy, but it is not anticipated to identify material changes in project sensitivity. Planting of trees and restoration of habitats to compensate any losses will be completed to achieve No Net Loss (NNL) and Net Gain (NG), if applicable. Biodiversity Action Plans (BAPs) will be developed for each Lot. The Project will require engagement of a biodiversity specialist for the pre- and during- construction phases to ensure mitigation compliance.

Occupational Health and Safety risks are mainly associated with the construction phase and will be addressed through a Construction ESMP to be prepared by the contractors. Noise-sensitive receptors, including residents and public institutions located near the road alignment, have been identified for both tranches. Noise assessments have been completed for Tranche 1 and 2 and appropriate mitigation measures have been proposed, including the installation of noise protection panels at selected locations.

Some gaps have been identified in HR policies and procedures, including their availability and alignment with PR2 requirements. To achieve compliance, the ESAP requires the Client to develop comprehensive HR policies and a formal HR management system and update the Code of Conduct and FIDIC contract with regards to labour requirements in contractor supervision. Contractor's labour practices during construction phase will be managed via inclusion of PR2 requirements into the ESMP and tendering documentation and binding on Contractor and sub-contractors. A worker grievance mechanism will be established by the Contractor and Client to handle worker's concerns.

Road Safety Audit (RSA) has been completed and confirmed the introduction of several good international practices, including traffic flow segregation. However, some high-risk areas have been identified, such as access roads and the need for barriers to separate traffic. Mitigation measures have been proposed and will be addressed in the final design, including vehicular and

pedestrian crossings, livestock corridors, and potential overpasses. Close engagement with local communities has been undertaken and should continue to refine crossing locations and ensure that the detailed design incorporates all necessary access elements, reflecting local needs and preferences.

Key social impacts and risks identified by the ESIA include land acquisition. The Project has implemented measures to avoid displacement and land acquisition as much as possible; however, some economic displacement was unavoidable. The ESDD and ESIA confirmed that both tranche components do not trigger any physical resettlement. For Tranche 1, lots 1-3 involve rehabilitation works with limited additional land needs mainly for safety improvements, drainage works, local access arrangements and tree removal. Lot 4 requires 19.71 ha of land, including acquisition of 67 private and 16 public land plots. The private land is mainly agricultural. For Tranche 2 lot 2 land acquisition was completed in 2019, with 69 public and 190 private land plots expropriated according to national legal requirements. The ESDD confirmed that all compensation has been paid and there are no outstanding grievances as of June 2026, although there are some gaps between national law and PR5. Given the linear nature of the project involving the widening of an existing road that passes through agricultural fields, the PR5 impacts are determined to be low. An audit of the Lot 2 land acquisition process is proposed as part of the Livelihood Restoration Plan (LRP) to confirm national law and EBRD PR5 compliance. Land acquisition for Lot 4 has not begun, with local authorities currently working on the cadaster to determine landownership. In total, 38 public and 108 private land plots will be acquired for the national borders' connecting section and for the new Giurgiulesti bypass. Construction camps will be needed, but NRA have confirmed that these will be sited on state land. A LARF has been developed for the Project, which will guide NRA in the development of Livelihood Restoration Plan in full compliance with PR5 for past, future, temporary and permanent land acquisition needs.

There are no cultural heritage sites affected by the Project development, all cultural heritage sites and objects were avoided through design-based solutions. A chance finding procedure is foreseen in the Environmental and Social Management Plan.

The SEP was prepared to identify key stakeholders and define communication channels and engagement activities throughout the project cycle. A project-specific Grievance Redress Mechanism ("GRM") has been developed as part of the SEP which must be implemented and communicated during stakeholder engagement. Stakeholder engagement for Tranche 1 started in 2021 when initial detailed project designs began and just continued through the course of August-November 2025 as part of the ESDD. For Tranche 2 early engagement began in 2008 during the feasibility study phase and included public consultation along the proposed route. A series of public consultation meetings were also conducted in 2014 under the previous EIB project. Consultations were conducted in each of the villages affected by Lots 1-4 in August 2025, along with information sharing online and through public information boards in each village. Additional engagement was conducted in February 2026 during socio-economic data collection for the ESIA, which allowed groups of stakeholders to share concerns and questions about the project. The main concern raised by people was crossing points and livestock corridors at various junctures of the future road, and these will be addressed in the final design. Further public meetings have been carried out under this project's ESIA disclosure process in May and June 2026, and a public consultation report will be prepared and disclosed prior to the Board meeting.

The ESAP has been developed to address the necessary mitigation measures and improvements and has been agreed with the Client. The ESAP includes requirements with respect to the implementation of a Construction Environmental and Social Management Plan, OHS Plan in line with the PRs including training of workers, undertaking H&S risk assessment and

maintaining an effective grievance mechanism in place for the Project, etc. The Client is required to strengthen their E&S capacity, and the Bank will include additional E&S capacity building and E&S experts' support to help with the Project implementation. Additionally, an enhanced E&S scope will be included into the Terms of Reference of the Supervision Consultant to undertake regular E&S monitoring of the Project during construction to assess performance in accordance with the Bank's PRs and report to the Bank.

6.2 INTEGRITY

In conjunction with OCCO, updated integrity due diligence was undertaken on the relevant ministers and their deputies, as well as the senior management of the NRA and the PIU. [REDACTED]

All actions required by applicable EBRD procedures relevant to the prevention of money laundering, terrorist financing and other integrity issues have been taken with respect to the Project, and the Project files contain the integrity checklists and other required documentation, which have been properly and accurately completed to proceed with the Project.

6.3 OTHER ISSUES

The Project is expected to benefit from blended concessional finance, comprising an EU NIP investment grant of up to EUR 11.4 million approved by the EU NIP Board on 17 June 2026. This grant provides strong financial additionality by improving the affordability and long-term financial sustainability of the Project, enabling the implementation of priority road investments.

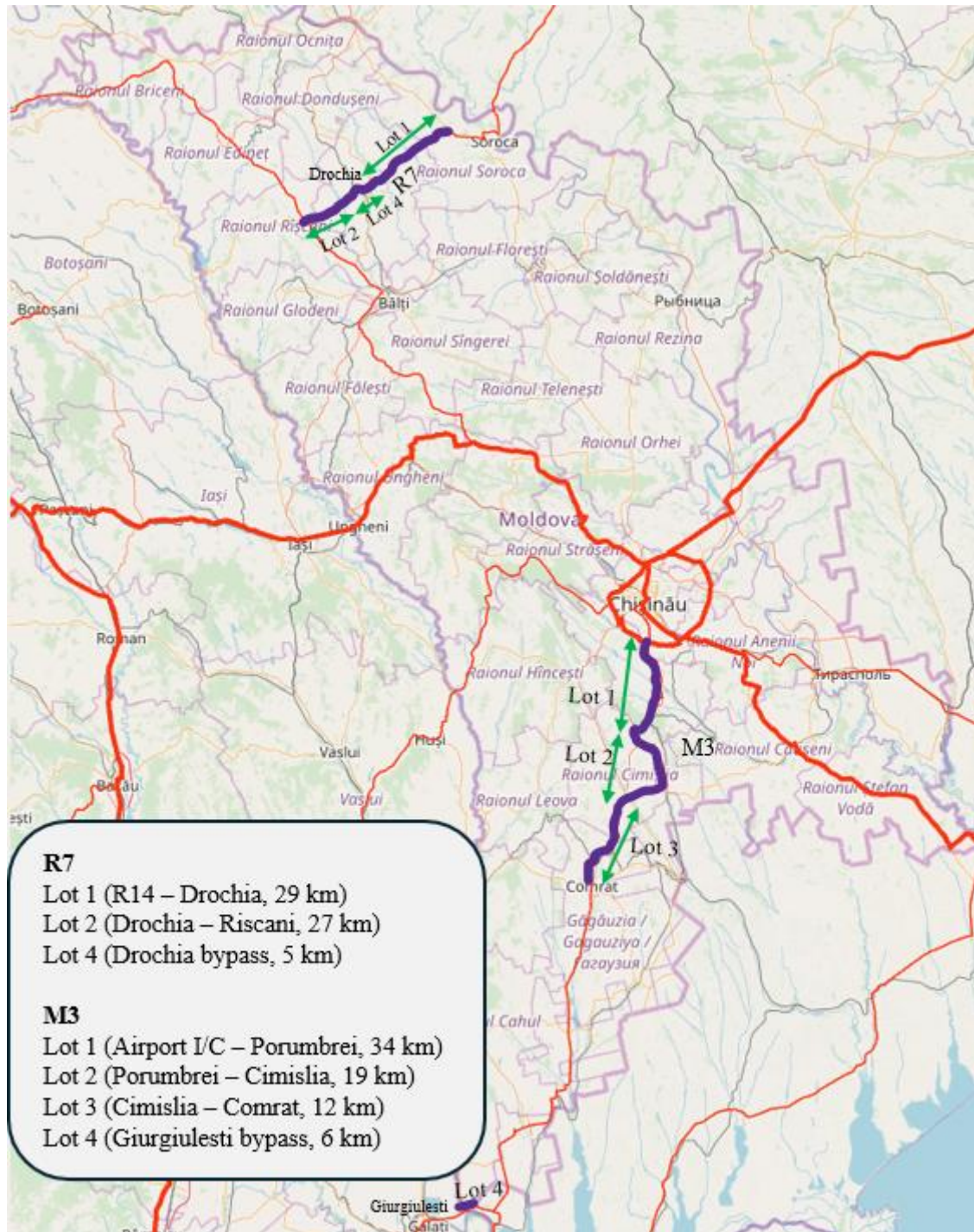
The Project also benefits from a CEF investment grant of up to EUR 7.7 million provided directly to the Government of Moldova, which will be used to finance the construction of the Giurgiulesti bypass section on the M3 road (Lot 4). The Client's contribution is EUR 34.2 million, which represents an EU concessional loan deployed to Moldova under the MGP.

[REDACTED]

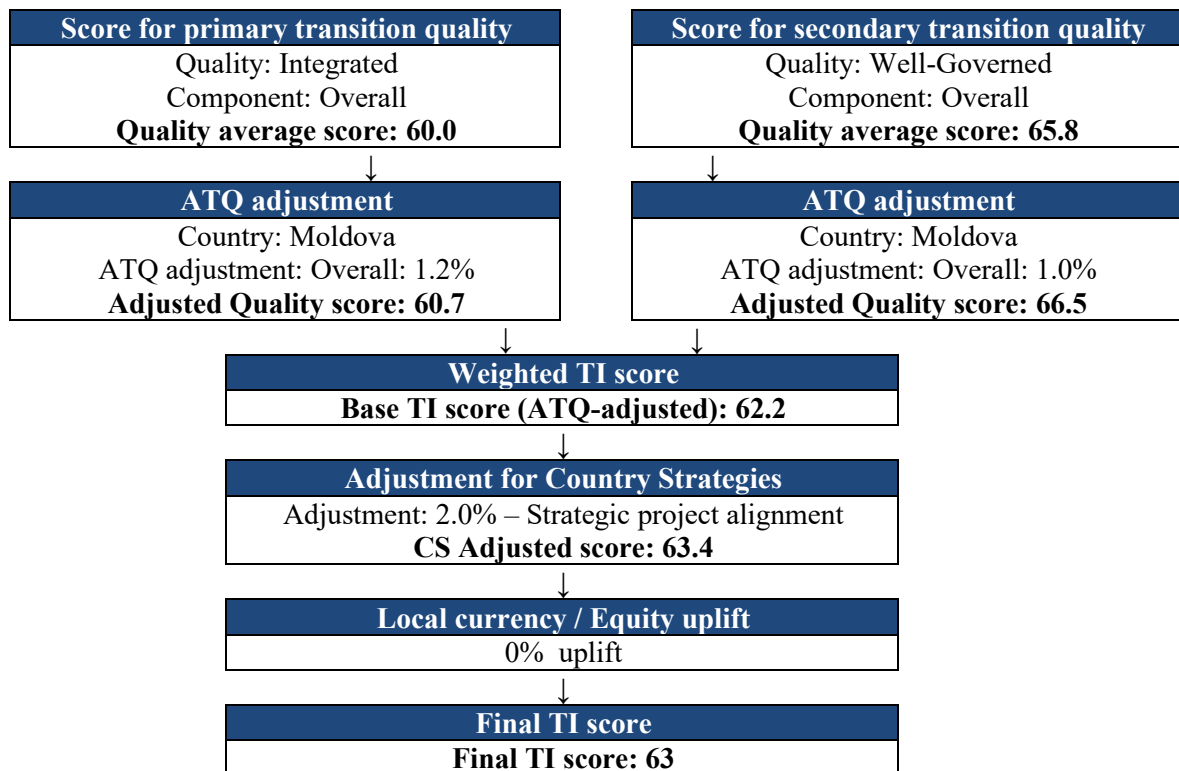
ANNEXES TO OPERATION REPORT

ANNEX 1	The Project Map
ANNEX 2	Transition Impact Scoring Chart
ANNEX 3	Green Assessments
ANNEX 4	Project Implementation

ANNEX 1: The Project Map



ANNEX 2: Transition Impact Scoring Chart



ANNEX 3: Green Assessments

SUMMARY

- The Project sovereign loan of up to EUR 344 million in two tranches to the Borrower to finance:
 - Tranche 1 of up to EUR 175 million for the rehabilitation and construction works on R7 road sections[REDACTED]; and
 - Tranche 2 of up to EUR 169 million for the rehabilitation, widening and construction works on M3 road sections[REDACTED].
- The Project is determined aligned with both mitigation and adaptation goals of the Paris Agreement (“PA”).
- The Project is attributed 25 per cent GET.
- Climate-related financial risks have been assessed[REDACTED].

PARIS ALIGNMENT ASSESSMENT

Alignment with the mitigation goals of the Paris Agreement

The new commitment was subject to a specific assessment for alignment with the mitigation goals of the Paris Agreement. The key findings from this assessment are as follows:

The new commitment is consistent with the Moldova Nationally Determined Contribution (“NDC”). The Republic of Moldova is committed to an unconditional target of a 71 per cent reduction in its net greenhouse gas emissions by 2030 compared to 1990 levels, as stated in its NDC3 submitted in 2025^[1]. In its Low Emissions Development Programme, approved in 2023, Moldova set objectives for specific sectors (energy, industry, buildings, transport, agriculture, LULUCF, and waste). This includes Specific Objective 2: To reduce unconditionally Green House Gas (“GHG”) emissions from the transport sector in 2030 by 52 per cent compared to the 1990 level.

The NDC lists some potential measures to achieve the target, with some included in the Energy Strategy for 2050 such as a ban on the import of non-hybrid cars starting in 2030 (or 2035); electrification of the railways (30 percent by 2040); standards to ban the purchase of old vehicles (older than 10 years); a ban on pure-diesel vehicles starting in 2040; etc. The National Electric Mobility Strategy elaborated with EBRD support is helping to establish an implementation framework to deliver the measures and achieve the targets.

The Project is consistent with a low-carbon pathway (“LCP”). In the absence of a national low-carbon pathway for passenger and freight connectivity, the Bank assessed the new commitment against the EU LCP, considering that Moldova is targeting EU accession. Consistency of the new commitment with the LCP primarily entails being compatible with EVs and other alternative fuel vehicles and being able to accommodate the infrastructure required for charging of future low-carbon vehicle fleets.

There are three locations with EV charging on the R7 alignment, located respectively in Central Drochia, on the eastern border of Drochia (junction between R7, R12 and the proposed Drochia Bypass), and to the west of Riscani. In order to meet the TEN-T requirements, the charging facilities should be upgraded to have DC charging outlets and a maximum output of at least 150kW for light-duty vehicles.

There are four locations with EV charging on the M3 alignment. Two are located in Comrat, one in the north of Chirsova, and one in Congaz. These charging facilities should also be upgraded to have DC charging outlets and a maximum output of at least 150kW for light-duty

vehicles. As the existing EV charging facilities on the alignment are within 25km of each other, approximately in the centre of the total M3 alignment, it will be necessary to install charging facilities further north and further south of these existing facilities, preferably at the locations identified in Vulcanesti and Porumbrei.

It is worth noting that the EBRD will support through this project the development of a One-Stop Shop for EV charging infrastructure in order to simplify the administrative requirements for the installation of chargers. This was an action identified in the National Electric Mobility Strategy elaborated with EBRD support as part of the project Moldovan Roads Rehabilitation V.

The Project demonstrates a low-risk of carbon lock-in. Road infrastructure delivers passenger and freight connectivity, and the infrastructure needs to be considered in the context of a wider transportation system alongside other modes. The two road sections of the project are included in the Eastern Partnership TEN-T Investment Action Plan for Moldova and they are part of the extended TEN-T network. The Eastern Partnership TEN-T corridor network in Moldova is conceived alongside alternative modes, including rail. Other parallel investment programs are supporting the upgrade of the railway sector in the country, so the new commitment does not lock-out increased investments in, and usage of, rail transportation. In addition, the road is not expected to divert traffic from other modes. Carbon lock-in assessment also looks at whether there is a high likelihood of transition to low-carbon vehicle fleets within the lifespan of the asset. Scenarios for fleet electrification were prepared for the Bank as part of technical due diligence to inform the economic assessment. The scenarios set out the expected uptake of electric vehicles based on current market trends and scenarios. Conservative scenarios see a significant displacement of internal combustion engine vehicles in the overall fleet. Given that the new commitment is conceived in the context of an integrated planning process (TEN-T), is an existing inter-urban road, does not prevent alternative modes from being developed, and there is a high likelihood of transition to low carbon vehicle fleets, the risk of carbon lock-in is assessed as low.

The Project is economically viable, incorporating a shadow price of carbon. Both roads (R7 and M3) were assessed individually.

- R7 road section has an annual average absolute scope 3 emissions of 395ktCO₂e during the evaluation period (2032-2057) and an annual average net scope 3 decrease of 1.4kt CO₂e per year compared with the no project scenario.
- M3 road section has an annual average absolute scope 3 emissions of 1,280ktCO₂e during the evaluation period (2032-2057) and an annual average net scope 3 increase of 1.8kt CO₂e per year compared with the no project scenario.

Based on the results of the specific assessment, the Project is considered aligned with the mitigation goals of the Paris Agreement.

Alignment with the adaptation goals of Paris Agreement

The Project is determined as aligned with the adaptation goals of the Paris Agreement as it satisfies all three steps of the assessment.

A climate risk assessment identified extreme heat, intense rainfall and flooding, landslides, and wildfires (the latter specific to the M3 road) as material physical climate risks affecting the Project roads. In response, climate resilience measures have been embedded within the existing design, with additional measures incorporated to further enhance resilience (refer to the Green Finance section below). These measures include enhanced pavement thermal resilience, increased drainage capacity, bridge scour protection, and wildfire risk-reduction measures and

fire breaks along the M3 corridor. Overall, the Project does not undermine the resilience of wider systems and is consistent with national climate adaptation policy objectives.

GREEN FINANCE ATTRIBUTION

- A **Green Finance share of 25 per cent** for adaptation and mitigation finance is attributed to the Project. This share has been calculated in line with Green Economy Transition (“GET”) Handbook. The main Green Finance impact expected out of the Project is:
 - Climate change adaptation (please see more details below): 25 per cent green finance due to the numerous adaptation measures integrated in the design. The three-step approach in line with Joint Multilateral Development Bank (“j-MDB”) methodology for attribution of climate adaptation finance is presented below.

The expected green outcome of the Project is:

- Reduced cost associated with damages and disruption as a result of adaptation and climate resilience measures.

J-MDB methodology for attribution of climate adaptation finance

A 25 per cent Green Finance allocation has been assigned to the Project in accordance with the methodology outlined in the GET Handbook. The attribution of climate adaptation finance follows the j-MDB methodology, as detailed below.

Three Step attribution of 10 per cent:

Step 1 – Climate vulnerability context

In the context of this investment EBRD engaged a consultant to undertake an assessment of climate risk. This climate risk assessment identified the following material risks:

- **Extreme heat:** Increasing daily maximum and annual average temperatures increase the risk of pavement rutting, asphalt softening, and accelerated road surface deterioration.
- **Flooding:** More frequent short-duration, high-intensity rainfall events may exceed existing drainage capacity, leading to surface water flooding. This also increases the risk of fluvial flooding, which can damage road structures, destabilise adjacent mountain slopes (raising landslide risk), and affect bridge superstructures.
- **Landslides:** Sudden collapse or downslope movement of soil and rock onto road can damage pavement support in cut sections, cause severe cracking of the road surface, and potentially result in partial or total structural failure of road embankments.
- **Wildfires:** Wildfire exposure can damage asphalt surfacing, guardrails, and other roadside infrastructure, reduce pavement integrity, and impair overall road functionality and safety.

Step 2 – Statement of intent

The EBRD engaged with the Client to improve the resilience of the Project to the identified climate hazards. During the assessment of the risks and evaluation of the project documentation, it was possible to define concrete adaptation measures to mitigate the different risks identified to be incorporated in the project design.

Step 3 – Link between climate vulnerability and project activities

A number of climate resilience measures are integrated into the Project to mitigate each of the risks identified. Some of these measures include, among many others:

Extreme heat

- Heat-resilient pavement blends and expansion joint design for concrete elements
- Temperature monitoring and routine inspections

- Cool or light-coloured pavement surface treatments in urban areas (optional)

Landslides

- Real-time slope monitoring (inclinometers and piezometers)
- Long-term inspection and maintenance protocol for stabilised sections
- Slope stabilisation using geotextile, geomat and geocell systems in landslide-prone sections
- Slope flattening to gradients of 1:2–1:3 at identified high-risk locations
- Vegetative consolidation of shoulders (≈ 0.15 m topsoil layer)

Flooding – road sections and culverts

- Increase culvert design return period to 100 years in flood-prone locations
- Localised culvert resizing based on updated flow calculations
- Additional drainage interventions, including replacement, new installations, and inlet/outlet protection
- Construction of additional culverts at valley crossings

Flooding – bridges

- Scour protection at piers and abutments in flood-risk areas
- Design scour protection for a 200-year return period

Wildfires - M3 Road Only

- Clearance of dry vegetation near road corridors
- Establishment of firebreaks between forested areas and road infrastructure
- Use of fire-resistant roadside planting
- Installation of fire-water pumps in high-risk locations

Additional Adaptation attribution: 15 per cent

- a) When an activity achieves substantial Climate Resilience Outcome (“CRO”), such as a CRO-to-total project value ratio equal to or exceeding 10 percent, where these outcomes have been clearly identified, measured, and valued, an additional 10 percent climate adaptation finance is allocated accordingly.
 - The Project achieves a CRO to project value ratio of 24.15 per cent.
- b) Where the project documentation demonstrates that a dedicated climate risk and vulnerability assessment has been undertaken, referencing relevant international standards and guidance, going beyond the level of assessment that the Bank routinely conducts (either standalone or integrated into other project preparation documents), an additional 5 per cent of climate adaptation finance is attributed.
 - The Project aligns to the EU TEN-T Road regulation specifically demonstrating climate resilience proofing as set out in Jaspers (2017) while the standalone climate risk assessment conducted by the consultant follows the EU technical standard for Climate risk assessment based on the ISO 14090 using the latest CIMP6 climate projections providing an analysis of future climate at a granular level for site specific exposure to each physical hazard.

Green Finance - Adaptation Attribution Total

The Green Finance adaptation assessment is based on reductions in both weather-related damage and weather-related disruption to both roads (R7 & M3), that result from implementing the climate adaptation measures. Following the Green Finance methodology adopted in August 2025 the project:

- Satisfies the three steps for projects that are adapted under the GET methodology with client commitment to deliver on the adaptation measures and CROs. Specifically in response to extreme heat, intense rainfall, and mass movements (landslide) by ensuring the integration of adaptation measures in the project design mitigating risk of disruption and damage. (+10% Get)

- Delivers quantified and valorised physical CRO of greater the 10 per cent of relevant total project value, specifically in response to extreme heat, extreme mass movements, floods and wildfires, mitigating risk of disruption and damage (+10 per cent GET).
- References relevant international standards and best practices for climate risk reduction and resilience in design. (+5 per cent GET)

The Green Finance adaptation attribution of the Project is therefore 25 per cent.

[REDACTED]

ANNEX 4: Project Implementation

Procurement classification – *Public sovereign*

Project risk assessment: *High*
Overall risk rating *High*
 based on

[REDACTED]

[REDACTED]
The Client's capacity assessment related risk *Low*

The Client has over 15 years of extensive continuous successful experience in managing projects financed by the EBRD under PP&R. It is expected that the same PIU that is managing the ongoing EBRD projects will be tasked with the implementation of the current Project. The PIU has the technical skills and experience to manage the Project in accordance with the EBRD PP&R.

Contracts risk assessment *Moderate Low*

The contracts foreseen to be procured under the Project are relatively standard road construction contracts. However, due to the small size of the local market, the success of the implementation of the Project rests in the ability of the Client to promote and attract international companies that have the financial capabilities and the capacity to identify and engage qualified subcontractors and work force. This is considered a moderate risk in the implementation of the Project, which will have to be addressed by the PIU Consultant who, prior to issuing the tenders, will do appropriate market research and promotion of the Project and its tenders. Early market engagement will also be conducted as appropriate.

The Project CapEx component includes five tenders for civil works, with two of these tenders divided into two lots each. For sections where the Client has up-to-date detailed designs from 2025–2026, the associated works contracts will be awarded using the FIDIC Red Book. In areas where designs are either missing or outdated, the civil works will instead be contracted under FIDIC Yellow Book conditions.

The Project also anticipates the engagement of two supervision consultants, each responsible for providing the services of a FIDIC Engineer for the specified road sections. The first supervision consultant's scope will additionally encompass PIU Support Services, assisting the Client with procurement, project management, and reporting responsibilities.

Project implementation arrangements:

The Project will be implemented by the PIU, which has previous experience in implementing IFI-funded projects. The PIU will be strengthened by several individual experts (consultants) which are embedded in the PIU for the duration of the Project implementation.

The PIU will be further support by an external PIU Support Consultant, financed from the loan proceeds. The Consultant will also assist with trainings and capacity building on project implementation and EBRD procurement rules, review and update of the Procurement Plan,

reporting, preparation of tender and contract documents, evaluation reports, and participation in clarification meetings and negotiations.

The day-to-day construction supervision of the civil works will be carried out by two Supervision Consultants (FIDIC Engineer), first one of which will also include the tasks of PIU Support (as described above).

The FIDIC Engineers will provide construction supervision services for the relevant road sections and will administer the works contracts, ensuring compliance with approved designs, technical specifications and environmental and social requirements.

The Bank will also appoint a Lender's Monitor to provide independent oversight and monitoring of the implementation process in support of the Bank. The funding for Lender's Monitor has been envisaged under 54423 - Moldova Roads Rehabilitation V Project and in the interests of efficiency it is proposed to increase the funding and hire one Lender's Monitor for both projects combined (54423 and 55768 projects) as the projects are of a similar nature and the Client and the PIU are the same.

Procurement arrangements:

The Project is classified as a public sector operation for procurement purposes. Goods, works and services (including consultancy services) financed from the Bank's loan, as described in the below Procurement Plan, will be procured using open competitive procedures in accordance with Section 3 of the PP&R for the Public Sector. Only the individual consultants for PIU are envisaged to be hired under direct contracting arrangements if their individual contract values fall below the threshold. Otherwise, these will also be selected using relevant competitive processes.

All contracts will be subject to prior review by the Bank.

[REDACTED]