

### Project Summary Information

Date of Document Preparation/Updating: 04/2/26	
<b>Project Name</b>	Baku Metro Expansion Project - Phase II (Green Line)
<b>Project Number</b>	P001107
<b>AIIB member</b>	Azerbaijan
<b>Sector/Subsector</b>	Transport Urban Transport
<b>Alignment with AIIB's thematic priorities</b>	Green Infrastructure; Technology-enabled Infrastructure
<b>Status of Financing</b>	Under Preparation
<b>Objective</b>	To expand sustainable, safe and inclusive urban mobility in Baku by extending the Green Line, supporting climate goals and catalyzing regeneration in post-industrial districts.
<b>Project Description</b>	<p>The Baku Metro Expansion Project - Phase II (Green Line) (the “<b>Project</b>”) includes the construction of approximately 8 kilometers (km) of twin bore, dual direction tunnels using Tunnel Boring Machines (TBMs), together with the completion of four underground stations. The <b>Project</b> includes three main components:</p> <ul style="list-style-type: none"> <li>• Component 1 - Civil Infrastructure and Systems: Civil works for the construction of tunnels and underground stations, including systems (Mechanical, Electrical and Plumbing [MEP]).</li> <li>• Component 2 – Signaling and Communication: Installation and integration of modern signaling/communications-based train control (CBTC) interfaces, Supervisory Control and Data Acquisition (SCADA) control and communication systems, designed to be compatible with the wider Baku Metro network.</li> <li>• Component 3 - Technical Assistance: Advisory services for implementation support, environmental and social (ES) management, and institutional capacity building.</li> </ul> <p>The Project builds on the institutional capacity, governance organization and physical investments under Baku Metro Expansion Project – Phase I, which was prepared in 2025 and approved in February 2026. It constitutes a key phase of the</p>

	<p>Government of Azerbaijan’s broader USD2.455 billion Baku Metro Expansion Project (the “Program”), a high-priority multi-phase initiative of the Republic of Azerbaijan aimed at enhancing sustainable urban mobility in Baku.</p> <p>The full scope of the government’s Program includes the completion of the Darnagul and Khojasan Depots (Baku Metro Expansion Project - Phase I), Green Line extension (the Project), the digitalization component (Baku Metro Signaling Modernization and Operations Digitalization Project) financed by the Asian Development Bank (ADB), the parallel ADB-financed expansion of the Purple Line and the rolling stock renewal (Phase III).</p>
<p><b>Expected Results</b></p>	<p>The Project results will be measured through the following indicators:</p> <ul style="list-style-type: none"> <li>(a) Sustainability: Annual greenhouse gas (GHG) emissions avoided due to increased metro ridership (target: 150,352 tons of carbon dioxide equivalent [tCO<sub>2</sub>e]/year by 2031).</li> <li>(b) Efficiency: Peak-hour train frequency, measured as average headway between trains (target: reduction from 5 minutes to 3 minutes by 2031).</li> <li>(c) Accessibility: Percentage of new stations with (1) step-free access (elevators/lifts), (2) tactile guidance paths and (3) wheelchair-accessible ticket control barriers (target: 100% for each station by 2031).</li> <li>(d) Network Expansion: Cumulative length of newly constructed metro tunnels completed and handed over for commissioning (target: 8 kilometers [km] by 2031) and additional metro stations completed (target: four stations by 2031).</li> </ul>
<p><b>Environmental and Social Category</b></p>	<p>A</p>
<p><b>Environmental and Social Information</b></p>	<p><b>Applicable Policy and Categorization:</b> AIIB's Environmental and Social Framework (ESF, 2024), comprising its Environmental and Social Policy (ESP), Environmental and Social Standards (ESSs), and Environmental and Social Exclusion List, applies to the Project. The Project triggers ESS 1 (Environmental and Social Assessment and Management) and ESS 2 (Land Acquisition and Involuntary Resettlement). ESS 3 (Indigenous Peoples) is not applicable, as there are no Indigenous Peoples or ethnic groups present in, or with a collective attachment to, the Project area. Based on the nature, scale and location of the works, including large-scale underground construction in an urban corridor, the Project is classified as Category A, reflecting elevated ES risks and impacts. These include ground settlement affecting buildings and utilities; noise, vibration and air quality impacts; potential encounters with contaminated soils and groundwater associated with historical industrial activities; temporary land acquisition and economic displacement; and elevated occupational and community health and safety risks.</p> <p><b>Environmental and Social Instruments:</b> During Phase I, Baku Metro prepared and disclosed framework-level instruments aligned with AIIB's ESF, including the Environmental and Social Management Planning Framework, the Stakeholder Engagement Plan (SEP), the Labor Management Plan (LMP) and the Land Acquisition and Resettlement Planning</p>

Framework. These framework instruments will continue to apply to the Project, subject to being updated as necessary to reflect the Project's scope and its elevated risk profile. For the Green Line Extension, the following site-specific instruments will be prepared: (a) a full Environmental and Social Impact Assessment (ESIA); (b) a detailed Environmental and Social Management Plan (ESMP); (c) a Land Acquisition and Resettlement Plan (LARP); (d) a Gender Action Plan (GAP); and (e) a Project-specific Environmental and Social Action Plan. All ES instruments will be prepared in a timely manner, in accordance with national legislation and AIIB's ESF (2024).

**Environmental Aspects:** The Project is expected to generate substantial long-term environmental benefits, including a modal shift from private vehicles to low-emission rail transport, reduced congestion, and a contribution to Azerbaijan's climate mitigation commitments. However, the construction activities may cause temporary and localized impacts, including: (a) noise, vibration and dust from tunneling, station excavation and construction traffic; (b) ground settlement and structural risks to buildings and utilities; (c) potential contact with contaminated soil and groundwater in post-industrial areas requiring controlled handling and disposal; and (d) construction waste and spoil management requiring proper classification, transport and disposal. Biodiversity risks are expected to be low given the fully urbanized nature of the corridor. Auxiliary facilities, including spoil disposal sites, will be screened, including for biodiversity risks and impacts, to avoid and/or minimize adverse effects.

**Social and Gender Aspects:** The Project is expected to provide strong social benefits, including improved accessibility, reduced travel time, enhanced safety and support to urban regeneration. Potential adverse social impacts include: (a) land acquisition and economic displacement, with permanent land acquisition for station entrances and temporary disruption to small businesses and vendors, to be addressed through a LARP defining eligibility, compensation and livelihood restoration; (b) community health and safety risks from construction in urban areas, to be managed through traffic management measures and community communication plans; (c) stakeholder sensitivity and grievances, requiring proactive engagement and transparent communication; and (d) gender-related risks associated with land acquisition, livelihood disruptions, labor influx and traffic disturbance, to be managed through a gender assessment and a GAP.

**Occupational Health and Safety (OHS), Labor and Working Conditions:** The Project involves high-risk underground construction activities, including tunneling, deep excavation, confined workspaces, heavy lifting and installation of electrical and signaling systems. Key OHS risks include tunnel instability, water ingress and emergency evacuation challenges; heavy machinery and lifting operations; electrical hazards; exposure to dust, noise, vibration and potential contact with contaminated materials; and traffic-related risks during material and spoil transport. The ESIA, ESMP and LMP will include specific OHS risk assessments and define mitigation and management measures consistent with national and AIIB requirements and Good International Industry Practice.

	<p><b>Stakeholder Consultation and Information Disclosure:</b> The SEP, updated as necessary, will guide stakeholder engagement throughout the Project preparation and implementation periods. Stakeholders include residents, business owners, municipal authorities, transport agencies, civil society organizations and metro users. The SEP will identify affected and interested parties, conduct inclusive and meaningful consultation, provide targeted outreach to vulnerable groups and women, and establish continuous communication channels. Draft ES documentation will be disclosed in English and Azerbaijani on the Client's and AIIB's websites in a timely manner, at least 60 days prior to the Board's consideration of Project approval.</p> <p><b>Project Grievance Redress Mechanism (GRM):</b> The GRM established under Phase I is already operational and will be used and updated, as necessary, for the Project prior to construction. The GRM will be accessible and transparent, include separate channels for community members and contracted workers, provide timely resolutions, and include confidential procedures for complaints related to sexual exploitation and abuse and sexual harassment. The GRM information will be publicly disclosed and widely disseminated. Baku Metro committed that dedicated staff will be assigned to manage the GRM functionally and effectively. The GRM in English and a summary in Azerbaijani will be disclosed on Baku Metro's website and in hard copy at each phase area.</p> <p><b>Monitoring and Reporting Arrangements:</b> Baku Metro will implement the Project through an established project implementation unit (PIU) with prior experience implementing the AIIB-financed Phase I Project. During implementation, the PIU will oversee preparation and implementation of ES instruments; supervise contractor compliance with ESMP and LMP requirements; maintain the GRM; and report periodically to AIIB on ES performance. The PIU, with support from the Supervision Consultant, will prepare semi-annual ES monitoring reports based on the agreed format. More details will be discussed and determined with Baku Metro during the ES due diligence and Project Appraisal.</p>
<b>Cost and Financing Plan</b>	<p>Total project cost: USD826.6 million  Proposed AIIB financing: USD700 million  Republic of Azerbaijan: USD126.6 million</p>
<b>Borrower/Investee Company/Counter party/Guaranteed entity</b>	<p>Republic of Azerbaijan</p>
<b>Guarantor</b>	<p>Republic of Azerbaijan</p>
<b>Implementing Entity/Sponsor</b>	<p>Baku Metropolitan CJSC</p>

<b>Estimated date of loan closing (SBF)</b>	December/2031		
<b>Contact Points:</b>	<b>AIIB</b>	<b>Borrower's Representative Ministry of Finance of Republic of Azerbaijan</b>	<b>Implementation Organization Baku Metropolitan CJSC</b>
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<b>Date of Concept Decision</b>	April 2, 2026		
<b>Estimated Date of Appraisal Decision</b>	Q3 2026		
<b>Estimated Date of Financing Approval</b>	Q4 2026		

<b>Independent Accountability Mechanism</b>	The Project-affected People's Mechanism (PPM) has been established by AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through Project-level GRMs or AIIB Management's processes. For information on how to make submissions to the PPM, please visit: <a href="https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html">https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html</a>
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