

Project Summary Information

Date of Document Preparation: Aug 28, 2026	
Project Name	Baku Metro Expansion Project – Green Line
Project Number	P001107
AIIB member	Azerbaijan
Sector/Subsector	Transport Urban Transport
Alignment with AIIB's thematic priorities	Green Infrastructure; Technology-enabled Infrastructure
Status of Financing	Under Preparation
Objective	To improve the capacity, connectivity, accessibility, and sustainability of the Baku Metro system through the extension of the Green Line.
Project Description	The Baku Metro Expansion Project – Green Line (the “Project”) extends the existing Green Line from Khatai station to Hazi Aslanov station, adding approximately 7.4 kilometers (km) and four underground stations to the line’s current 14.5 km and 10 stations. The Project finances the construction and commissioning of twin-bore, dual-direction tunnels driven primarily by tunnel boring machines (TBMs), with limited mined excavation where required, together with four new underground stations (Y-14 to Y-17), station entrances, ventilation shafts, emergency exits and associated structures. The Project is designed to increase metro network capacity, improve accessibility and connectivity between the eastern districts of Baku and the central metro network, support modal shift from private vehicles to public transport, and facilitate the regeneration of former industrial and brownfield areas, including Baku White City and adjacent development zones. The Project builds on the institutional capacity, governance arrangements and physical investments under the Baku Metro Expansion Project – Phase I, which was prepared in 2025 and approved in February 2026. It constitutes a key phase of the Government of Azerbaijan’s broader USD2.46 billion Baku Metro Expansion Program (the “Program”), a high-priority multi-component initiative aimed at enhancing sustainable urban mobility in Baku. The full scope of the Program includes the completion of the Darnagul and Khojasan Depots, the Green Line extension (the Project), the digitalization component (Baku Metro Signaling Modernization and Operations Digitalization Project) financed by ADB, the parallel ADB-financed expansion of the Purple Line, and rolling stock renewal

	The Project includes three main components. - Component 1 – Infrastructure Development: civil works for the construction of tunnels and underground stations, including mechanical, electrical and plumbing (MEP) systems, together with additional measures needed to complete the Khojasan Depot, which is partially financed under P000969 Baku Metro Expansion Project – Phase I. - Component 2 – Signaling and Telecommunications: installation and integration of modern signaling and communications-based train control (CBTC) interfaces, Supervisory Control and Data Acquisition (SCADA) systems, power supply, communications, and fire and life safety systems, designed to be compatible with the wider Baku Metro network. - Component 3 – Technical Assistance: advisory services for implementation support, engineering and construction supervision, environmental and social (ES) management, stakeholder engagement and grievance redress, and institutional capacity building. The indicative allocation of AIIB financing is: (a) 86.3 percent Infrastructure Development, (b) 9.8 percent Signaling and Telecommunications, and (c) 3.9 percent Technical Assistance. The Government of Azerbaijan will finance value-added tax, land acquisition and any required resettlement from national budget resources. Component 2 will be cofinanced with the Asian Development Bank (ADB) as part of a single signaling modernization package (Package IT-1) under the ADB-led Baku Metro Signaling Modernization and Operations Digitalization Project, which modernizes signaling across the Red, Green and Purple Lines and upgrades the operations control center. AIIB financing would support eligible expenditures attributable to the Green Line scope within Package IT-1. AIIB's contribution to Component 2 will be administered by ADB, which will manage project implementation, procurement, disbursement, financial reporting and safeguards monitoring on behalf of AIIB, applying ADB's operational policies and procedures in close consultation with AIIB, except as otherwise agreed. The cofinancing arrangements remain subject to finalization of the co-lenders' agreement. The Project has been structured to deliver a fully integrated operational metro system. Particular attention will be given to systems integration, interface management, systems assurance, operational readiness, testing and commissioning, and integration with the existing Baku Metro network.
Expected Results	The Project results will be measured through the indicators set out in the Project's provisional Results Monitoring Framework, which include Network Capacity and Connectivity: Annual ridership on the Baku Metro system (baseline: 226.8 million passengers in 2025). Climate Impact: Annual greenhouse gas (GHG) emissions avoided due to metro ridership (target: 150,352 tons of carbon dioxide equivalent [tCO₂e]/year by 2031). Accessibility: Percentage of new stations meeting universal accessibility requirements (target: 100% by 2031). Network Expansion and Coverage: New metro stations

	commissioned and placed into service (target: four stations by 2031) and cumulative length of newly constructed metro tunnels and tracks completed and handed over for commissioning (target: 7.4 route-km of Green Line extension by 2031).
Environmental and Social Category	A
Environmental and Social Information	Applicable Policy and Categorization: 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. The Project has been classified as Category A under AIIB's ESP based on the nature, scale and complexity of the activities. The Project involves large-scale underground construction in a densely populated urban corridor, including approximately 7.4 km of twin-bore TBM tunnels, four underground stations, and deep excavations in areas with legacy industrial contamination. Environmental and Social Instruments: A comprehensive draft Environmental and Social Impact Assessment (ESIA) has been conducted to assess the environmental and social (ES) risks and impacts of the Project, together with an Environmental and Social Action Plan (ESAP). As part of the ESIA and ESMP package, the following eight ES management plans have been prepared: (i) Land Acquisition and Resettlement Plan (LARP); (ii) Cultural Heritage Management Plan (CHMP); (iii) Community Health and Safety Plan (CHSP); (iv) Occupational Health and Safety Plan (OHSP); (v) Waste Management Plan; (vi) Spoil Disposal Management Plan (SDMP); (vii) Contaminated Land Assessment and Management Plan (CLAMP); and (viii) Labor Management Plan (LMP). In accordance with the ESAP and ESMP, the Contractor will be required to develop and implement site-specific plans prior to construction, including an Air Quality Management Plan (AQMP), Noise and Vibration Management Plan (NVMP), Water and Wastewater Management Plan (WWMP), Emergency Preparedness and Response Plan (EPRP), Worker Accommodation Plan (WAP), and Asbestos Management Plan (AMP). Environmental Aspects: The Project is expected to generate significant long-term environmental benefits through expansion of high-capacity public transport, reduced road congestion, and lower transport-related GHG emissions. However, the construction phase presents several environmental risks due to the Project's location within a dense urban environment and the historical industrial legacy of the corridor. Key construction-related environmental risks include: (i) contaminated land and soil - the corridor traverses a historically industrial area, with legacy contamination at stations Y-15 and Y-16; (ii) air quality - construction activities will generate fugitive dust and exhaust emissions; (iii) noise and vibration - baseline noise levels exceed IFC daytime limits at all measured locations, with predicted major impacts at the Y-16 and Y-17 station clusters; (iv) ground settlement and structural integrity -tunneling and deep excavation will cause localized ground settlement, with structures identified requiring detailed evaluation; (v) water and wastewater - dewatering during construction will yield saline and contaminated groundwater requiring on-site treatment before discharge; and (vi) spoil and waste - the

Project will generate a large volume of excavation spoil requiring segregation, class-based disposal pathways, and chain-of-custody controls. The ESIA confirmed that the Project does not intersect any Critical Habitats, as the corridor is within an urbanized area. Operational impacts are expected to relate mainly to noise and vibration, flash flood ingress, thermal stress and energy demand (requiring cooling capacity headroom), and waste management.

Social and Gender Aspects: The Project is expected to generate substantial social benefits through improved accessibility, reduced travel times, enhanced connectivity, increased transport safety, and improved access to employment, education, healthcare, and social services. Potential adverse social impacts include: (a) land acquisition and economic displacement, including permanent land acquisition for station entrances and temporary disruption to small businesses and vendors, which will be addressed through a Land Acquisition and Resettlement Plan (LARP) defining eligibility, compensation, and livelihood restoration measures; (b) community health and safety risks associated with construction activities in densely populated urban areas, to be managed through traffic management measures, construction safety controls, and community communication programs; (c) stakeholder concerns and grievances requiring proactive engagement, continuous consultation, and transparent information disclosure; and (d) gender-related risks associated with land acquisition, livelihood disruption, labor influx, and temporary restrictions on accessibility and mobility during construction, which will be addressed through a gender assessment and implementation of a Gender Action Plan (GAP).

Occupational Health and Safety (OHS), Labor and Working Conditions: The Project involves high-risk underground construction activities including tunneling, deep excavation, confined workspace, 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 potentially contaminated materials; and traffic-related risks during construction material and spoil transport. The ESMP, OHSP, CHSP, and LMP have been prepared to include specific mitigation and management measures consistent with national and AIIB requirements, as well as Good International Industry Practice (GIIP). The Contractor will provide appropriate protective measures for each type of work and site condition. Given the high OHS and CHS risks, an EPRP is required, covering various likely scenarios including tunnel collapse, fire (including TBM-related fires), contaminated gas release, and other situations. A separate, project-tagged Worker Grievance Redress Mechanism (GRM) has been prepared.

Stakeholder Consultation and Information Disclosure: 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. 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.

	Project Grievance Redress Mechanism (GRM): 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 information about the project GRM and AIIB's Project-affected People's Mechanism (PPM) will be disclosed on Baku Metro's website and in hard copy at each phase area. Monitoring and Reporting Arrangements: Project ES documents, including ESIA, ESMP, and ESAP, establish the monitoring and supervision framework for the Project. The PIU will oversee the finalization and implementation of the ES instruments and submit semi-annual ES monitoring reports, based on an agreed format, to Baku Metro, AIIB, and national authorities. Instrumental monitoring of noise, vibration, and air pollution will be required by the contractors. The Environmental and Social External Monitoring Consultant (EMC), as the third-party agency, will undertake periodic reviews of the performance, provide feedback, and commission biannual third-party validation. AIIB will also conduct implementation support and supervision missions to the project field twice a year.		
Cost and Financing Plan	Total project cost: USD981.30 million Proposed AIIB financing: USD820.00 million (84%) Government of Azerbaijan: USD161.30 million (16%)		
Borrower/Investee Company/Counter party/Guaranteed entity	Republic of Azerbaijan		
Guarantor	Republic of Azerbaijan		
Implementing Entity/Sponsor	Baku Metropolitan CJSC (Baku Metro), under the oversight of the Ministry of Digital Development and Transport through Azerbaijan Transport and Communications Holding		
Estimated date of loan closing (SBF)	Dec. 31, 2031		
Contact Points:	AIIB	Borrower's Representative Ministry of Finance of the Republic of Azerbaijan	Implementation Organization Baku Metropolitan CJSC

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Date of Concept Decision	April 2, 2026		
Date of Appraisal Decision	August 31, 2026		
Estimated Date of Financing Approval	Q1 2027		

Independent Accountability Mechanism	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: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html
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