

**Project Summary Information**

Date of Document Preparation: 09/02/25	
<b>Program Name</b>	Baku Metro Expansion Project (the “Multi-phase Program” or “MPP”)
<b>Program Number</b>	M000007
<b>Project Name</b>	Baku Metro Expansion Project – Phase I
<b>Project Number</b>	P000969
<b>AIIB member</b>	Azerbaijan
<b>Sector/Subsector</b>	Transport / Urban Transport
<b>Alignment with AIIB's thematic priorities</b>	Green infrastructure; Connectivity and Regional Cooperation; Technology-enabled Infrastructure
<b>Status of Financing</b>	Under Preparation
<b>Program Objective</b>	To enhance the sustainability, efficiency, and accessibility of urban mobility in Baku
<b>Project Objective</b>	To support the MPP's objective by improving the reliability, efficiency, and safety of Baku Metro system operations through the construction and expansion of the depots to enable the Green Line and Purple Line expansion.
<b>Project Description</b>	<p>The Republic of Azerbaijan, through its Ministry of Finance, has requested financing support from the Asian Infrastructure Investment Bank (AIIB) for the Baku Metro Expansion Project (MPP). The MPP is expected to benefit from parallel financing from other Multilateral Development Banks (MDBs), including the Asian Development Bank (ADB), alongside national funding. The MPP will comprise three phases:</p> <ul style="list-style-type: none"> <li>Phase I focuses on infrastructure development and technical services, including: <ul style="list-style-type: none"> <li>Construction and equipment supply for the Darnagul depot.</li> <li>Expansion and equipment supply for the Khojasan depot.</li> <li>Consulting services for preparation, supervision, and implementation support.</li> </ul> </li> </ul> <p>Additionally, the Government will finance the following components from its national budget:</p> <ul style="list-style-type: none"> <li>Separation of the Red and Green lines at “28 May” station.</li> <li>Construction of a reversible dead end behind “Icherisheher” station.</li> <li>Energy audit and reliability improvements for the metro's energy system.</li> <li>Procurement of 34 additional metro wagons.</li> </ul> <ul style="list-style-type: none"> <li>Phase II includes:</li> </ul>

	<ul style="list-style-type: none"> <li>• Extension of the Green Line from “Khatai” to “Hazi Aslanov” (4 stations, approx. 10 km of Tunnel Boring Machine (TBM) tunneling).</li> <li>• Extension of the Purple Line from “8 November” to Babek Avenue (6 stations, approx. 10 km of TBM tunneling).</li> <li>• Phase III will focus on the procurement of additional rolling stock.</li> </ul>
<b>Expected Results</b>	<p>The MPP results may be measured through the following indicators:</p> <ul style="list-style-type: none"> <li>A. Sustainability <ul style="list-style-type: none"> <li>A.1. Greenhouse Gas (GHG) emission reduction.</li> <li>A.2. Growth in Metro’s modal share.</li> <li>A.3. increase Asset Lifespan.</li> </ul> </li> <li>B. Efficiency <ul style="list-style-type: none"> <li>B.1. On-Time Performance (OTP).</li> <li>B.2. Increase in peak-hour train frequency (or equivalent headway measures)</li> <li>B.3. Travel Time Savings</li> </ul> </li> <li>C. Accessibility <ul style="list-style-type: none"> <li>C.1. Ridership rate</li> <li>C.2. Covered ratio (defined as % of population within 500 m of a station)</li> <li>C.3. People provided with improved access to transport services (millions)</li> </ul> </li> </ul> <p>Phase I indicators may include:</p> <ul style="list-style-type: none"> <li>A. Reduction in maintenance-related service disruptions (including energy outage frequency)</li> <li>B. Improvement in train availability rate.</li> <li>C. Increase in depots’ energy efficiency.</li> <li>D. Reduction in number of workplace accidents in the maintenance operations.</li> </ul>
<b>Program Environmental and Social Category</b>	A
<b>Environmental and Social Information</b>	<p><b>Applicable Policy and Categorization:</b> AIIB’s Environmental and Social Policy (ESP), including ESS 1 (Environmental and Social Assessment and Management), ESS 2 (Involuntary Resettlement) and the Environmental and Social Exclusion List (ESEL), applies to the entire MPP. The MPP comprise three phases and the ToR for preparing environmental and social (ES) instruments for the MPP and Phase I Project requires compliance with AIIB ES policies. A program-level Environmental and Social Management Planning Framework (ESMPF), including a Resettlement Policy Framework (RPF), will guide the preparation of ES instruments for Phases II and III. Phase I Project, proposed for AIIB financing, includes construction of the Darnagul and Khojasan Depots, along with associated preparation, supervision, and implementation</p>

support. Phase II involves extension of the Green Line from Khatai to Hazi Aslanov stations with 4 stations and about 8.6 km of tunneling with Tunnel Boring Machines to be financed by AIIB, and the extension of the Purple Line, with five stations and approximately 9 km of tunneling through densely populated areas and near heritage sites, to be financed by ADB. Phase III covers procurement of rolling stock for the Green and Purple Lines. Given the higher ES risks associated with Phase II, the overall MPP is categorized as Category A, subject to confirmation based on the Environmental and Social Consultant's assessment. Each intervention under Phases I–III will be individually screened and fit-for-purpose ES instruments will be prepared accordingly.

**Environmental and Social Instruments:** As the MPP is structured across three phases, both a framework approach and site-specific ES assessments are necessary. Therefore, the ES instruments includes: (a) Framework-level instruments: Environmental and Social Management Planning Framework (ESMPF), Labor Management Plan (LMP), and Stakeholder Engagement Plan (SEP), covering both Phase I and MPP; and (b) Site-specific instruments for Phase I Project, including Environmental and Social Impact Assessment (ESIA), Environmental and/or Social Management Plan (ESMP), and Resettlement Action Plan (RAP) if needed and a Gender Action Plan (GAP). An Environmental and Social Action Plan (ESAP) will also be required. The existing Environmental Assessment (EA) for the Darnagul Depot, prepared under national law, will be reviewed for consistency with AIIB's ESP and ESSs, and any gaps will be addressed through the site-specific ESIA/ESMP and RAP. An Associated Facilities Assessment will also be carried out to identify any facilities linked to the MPP, especially to Phase I Project and determine the necessary ES management measures. Additionally, Baku Metropolitan Closed Joint-Stock Company (CJSC) will be responsible for establishing an MPP and Phase I Project specific Environmental and Social Management System (ESMS), appropriate to the nature and scale of the Project and commensurate with the level of its E&S impacts and issues in line with the Good International Industry Practice (GIIP).

**Environmental Aspects:** Each intervention under the MPP will be individually screened and assessed. Key environmental risks during construction and operation include noise, vibration, air pollution, waste generation, utility disruptions, occupational and community health and safety, resource use, and greenhouse gas emissions. Site visits to the Phase I Project depot locations—Darnagul and Khojasan—confirmed both are situated in semi-urban areas. While both sites are near residential and commercial areas, they do not directly adjoin any buildings, and construction can be accommodated within Baku Metro's landholdings. Phase I risks are considered moderate and site-specific and can be effectively managed through standard mitigation measures. Site-specific ESIA/ESMPs will be prepared alongside stakeholder consultations with the residents, businesses, and underpass users. These assessments will further detail baseline conditions, identify potential impacts, and define mitigation strategies. Phase II involves extending the metro line by approximately 9 km, with five new stations and tunneling using Tunnel Boring Machines (TBMs). It is expected to carry higher ES risks, particularly due to potential impacts on heritage sites and densely populated areas. ES risks and impacts on these areas will be further evaluated during the ESIA/ESMP process, and mitigation measures will be incorporated into the design to minimize adverse effects.

**Social and Gender Aspects:** The MPP and Phase I Project will generate substantial social benefits aligned with AIIB's ESP, including: i) Enhanced mobility with improved accessibility and reduced travel times, ii) Universal access

with International Best Practices-compliant station designs<sup>1</sup> meeting AIIB's Inclusion Standards, and iii) Economic growth with strengthened connections to commercial/cultural centers. While the benefits are clear, the MPP and Phase I Project may carry certain risks, especially during construction, such as i) Labor Risks: Occupational health/safety hazards, ii) Safe tunnels and buildings designs, iii) Land Acquisition and resettlement issues, iv) Stakeholder Engagement: Inadequate community engagement, v) Displacement: Physical/economic displacement risks, and vi) Gender-related risks. The MPP entails significant gender considerations, balancing risks like potential gender-based violence (GBV) / SEA / SH incidents among workers, communities, and metro users against opportunities for female employment and improved mobility access. Corresponding mitigation measures, particularly regarding women's workforce participation during both construction and operational phases, will be systematically incorporated into the updated ESAP/ESMP to ensure comprehensive gender mainstreaming. To help manage these potential risks, the AIIB's Team is mobilizing an ES consultant to carry out ES due diligent (ESDD) at both the MPP and Phase I Project levels. The ESDD will also assess Baku Metropolitan CJSC's social risks management systems.

**Occupational Health and Safety (OHS), Labor and Working Conditions (LWC):** Phase I Project may pose occupational health and safety (OHS) risks, particularly during construction activities, involving excavation, tunnelling, heavy machinery, and confined-space work. Potential hazards include accidents, exposure to hazardous materials, and noise-related health impacts. Compliance with national labor laws and international standards will be ensured, covering: i) Safe working conditions with gender-adaptive personal protective equipment (PPE), ii) Regular OHS training, and iii) Emergency protocols. Labor management practices will emphasize: i) Non-discrimination and equal opportunity, and ii) Protection of workers' rights, including those of migrant and subcontracted labor. The ES assessments will further evaluate OHS risks and labor conditions, with mitigation measures integrated into the technical planning.

**Stakeholder Engagement and Information Disclosure:** Considering the comprehensive scope of the MPP and Phase I Project, stakeholder engagement involves multiple actors including public institutions, trade unions, private contractors, international partners, directly affected communities, transit users, and the general population. Stakeholder engagement will be conducted by the project implementers to i) systematically consult on all potential impacts and risks, ii) ensure transparent disclosure of project information, and iii) accommodate each group's preferred communication methods. All stakeholder feedback and concerns will be formally recorded and incorporated into i) project policies and regulatory frameworks, ii) ES instruments, and iii) ongoing project design and implementation. The engagement process will feature: i) regular consultation rounds throughout all MPP phases, ii) targeted outreach to vulnerable groups and women, and iii) establishment of accessible grievance mechanisms. The key framework documents including the ESMF and SEP will be developed through inclusive consultations with affected residents, businesses, and transport users. The Project Implementation Unit (PIU) will ensure timely disclosure of all ES documents, and continuous integration of stakeholder input.

**Project Grievance Redress Mechanism (GRM):** AIIB's Policy on the GRM applies to the MPP and its Phase I Project. AIIB Team discussed with the Baku Metropolitan CJSC and relevant agencies, during the April field mission, the requirements for establishing and maintaining a project specific GRM to receive, review and respond to the complaints

<sup>1</sup> Or equivalent universal station designs.

	<p>and/or grievances of affected persons in a timely and effective manner. In addition to this, a GRM for the workers to manage the workplace related issues and complaints will also be established. The GRMs will be in-place and functional after the project approval. The information of GRMs in English and a summary in Azerbaijani language, including AIIB's Project-affected People's Mechanism (PPM), will be disclosed by Baku Metropolitan CJSC on its website, ensuring its accessibility and adaptability, and in hard copies in each Phase areas. This information will also be provided on AIIB's website.</p> <p><b>Monitoring and Reporting Arrangement.</b> The PIU will have the primary responsibility for monitoring the progress and performance of the MPP and Phase I Project. To support this, the Baku Metro will engage an independent consultant to assist in project implementing as well as in monitoring and reporting. During project implementation, progress monitoring report will be prepared by the Baku Metro semi-annually based on an agreed format and submitted to AIIB for review, and AIIB will conduct field missions twice a year. During the ESDD and project appraisal, more details of ES monitoring and reporting arrangement will be determined.</p>
<b>Cost and Financing Plan</b>	<p>Estimated MPP Cost: USD2,455.00 million</p> <ul style="list-style-type: none"> <li>• Indicative AIIB contribution up to USD1,000.00 million.</li> <li>• Indicative ADB contribution up to USD1,000.00 million.<sup>2</sup></li> <li>• Indicative Public Funds: USD455.00 million.</li> </ul> <p>Estimated Phase I Cost: USD380.00 million</p> <ul style="list-style-type: none"> <li>• Indicative Phase I AIIB contribution up to USD180.00 million (47%).</li> <li>• Indicative Phase I Public Funds up to USD200.00 million (53%).</li> </ul>
<b>Borrower/Investee Company/Counterparty/Guaranteed entity</b>	Republic of Azerbaijan
<b>Guarantor</b>	N/A
<b>Implementing Entity/Sponsor</b>	Baku Metropolitan CJSC
<b>Estimated dates of loan closing (SBF)</b>	<p>Phase I: 06/30/29</p> <p>Phase II: 06/30/31</p> <p>Phase III: 06/30/31</p>

<sup>2</sup> ADB is likely to provide parallel financing during the Phase II for the extension of the purple line.

Contact Points:	AIIB	Other Financiers: Asian Development Bank	Borrower Ministry of Finance of Republic of Azerbaijan	Implementation Organization/Sponsor Baku Metropolitan CJSC
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Date of Concept Decision	05/29/25			
Estimated Date of Appraisal Decision	Q4, 2025			
Estimated Date of Financing Approval	Q4, 2025			

Independent Accountability Mechanism	The Project-affected People's Mechanism (PPM) has been established by the 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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