



# UPFI 3 East Facility 2024 - 2028

Ukraine | Moldova | Armenia  
Azerbaijan | Georgia



Co-funded by  
the European Union



European  
Investment Bank | Advisory

**The “UPFI 3 East” Facility (or UPFI) is a fund of the European Union (EU) dedicated to the preparation and implementation of urban development projects in the five Eastern Neighbourhood countries: Armenia, Azerbaijan, Georgia, Moldova, and Ukraine. It will be active for a total period of 5 years, from January 2024 to December 2028.**



**UPFI is a Facility implemented by the French Development Agency (AFD), in partnership with the EU and the European Investment Bank (EIB). It is a multi-sectoral Facility covering a wide range of urban-related topics (solid waste management, housing, cultural heritage, tourism, climate resilience, spatial planning, public transport, public utilities, networks, buildings and energy efficiency, economic development, water and sanitation, etc.), thereby addressing the multiple challenges faced by cities in the Eastern Neighbourhood Countries.**

**The overall objective of the Facility is to create and prepare a favorable environment for enabling investments. To achieve this, UPFI finances Technical Assistance (TA), delivered through various instruments such as feasibility studies for projects preparation, capacity building, and policy dialogue.**

# Towards a new public social rental housing in Ukraine

A initiative funded by the Urban Projects Finance Initiative - UPFI 3 East Facility



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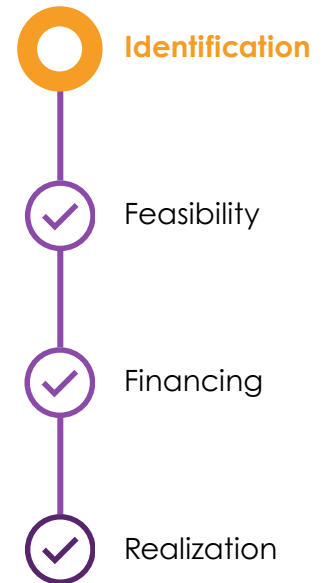
## THE PROJECT

The challenge of addressing Ukraine's housing needs is immense. Russia's invasion of Ukraine has forced more than 13 million people from their homes to seek shelter in safer regions (Internally Displaced Persons - IDPs) and across Europe. The distribution of IDPs on Ukrainian territory is quite unbalanced, putting demographic pressure on limited urban areas. The City of Kyiv itself counted 343 000 refugees (10% of all IDPs) in April 2024. Furthermore, 59% IDPs are renting accommodation and most of them spend more than a half of their income on rent. In this context, long term, large-scale investment and sustained technical assistance are urgently required to build an affordable and long-term housing response.

UPFI was first mobilized to answer these urgent needs for housing IDPs in Kyiv. In collaboration with the French Development Agency's Sustainable housing Initiative (supporting the implementation of affordable and sustainable housing policies), the Facility provided Technical Assistance (TA) to the Municipality in order to conduct a housing diagnostic, assessing demand and supply-side trends, key stakeholders, institutional and regulatory framework. The TA also identified a potential social housing pilot project (public-owned rental social housing) on a site proposed by the Municipality.

More importantly, the TA led to the production of a **housing financial model** to support the design of any social and affordable rental housing pilot projects in Ukraine. In next stages, UPFI could conduct other feasibility studies and mobilize the financial model to extend its housing initiatives to other cities of Ukraine.

## Project status



## Project lead :

Municipalities of Ukraine

## Housing in Ukraine



The housing sector in Ukraine, prior to the 2022 Russian invasion, consisted of around 18 million residential units, with over 80% of them built before 1991. Ukraine's housing stock is almost 94% owner-occupied, which is mainly a result of the mass privatization process of the 1990s. Today, **more than 10% of the total stock is destroyed or damaged** by the war and what is left remains outdated, with poor energy efficiency. To support Ukraine's reconstruction, the EU has launched in 2024 the **Ukraine Facility**, a **EUR 50 billion** funding instrument.

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# Sustainable urban transport to the "Unbroken" medical facility

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## THE PROJECT

In the Shevchenkiv neighborhood is located the Unbroken health facility, the largest medical facility in Ukraine dedicated to heal the wounds of the war, both among militaries and civilians. The neighborhood is also identified as a major reserve for urban growth by Lviv Municipality.

Although some bus lines terminate in this part of the city, public transportation remains a key topic for its prosperity. In this context, Lviv Municipality wishes to develop an effective, efficient and sustainable public transport system to the "Unbroken" complex and the surrounding neighborhoods.

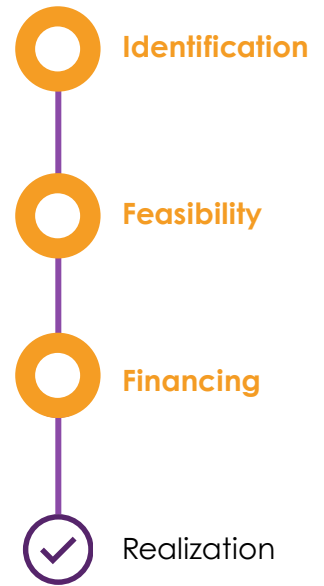
To answer these needs, the French Development Agency (AFD) launched in 2025 an urban mobility programme, constructing a tramway line as well as enhancing other means of transportation, such as bus lines, walking and cycling.

The UPFI Facility directly supports the preparation of the project by funding Environmental and Social studies and Technical Assistance to the Municipality for the procurement and supervision of works.

**3 Technical Assurances** financed so far

UPFI's action already enabled a first financing of **5 000 000€**

## Project status



## Project lead :

Lviv Municipality

Lvivavtodor  
(Municipal Enterprise)

## A long history of public transportation



Lviv is an 800-year old city of around 720 000 inhabitants with a significant and continuous demographic growth. It has a long history of public transportation with the first electric tramway inaugurated in the 19th century. The development of the transport system spread over time and increased its coverage of the metropolitan area. Today the system has three modes: tramways, trolleybuses and diesel buses.

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# Territorial development in Chisinau metropolitan area

A initiative funded by the Urban Projects Finance Initiative - UPFI 3 East Facility

## THE PROJECT

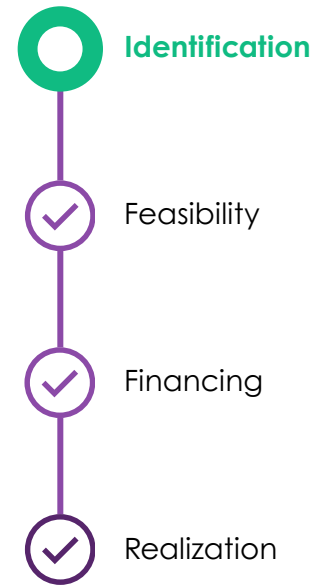
The Chisinau capital region, composed of Chisinau City and 18 surrounding municipalities is exposed to numerous urban pressures and constraints. As the main economic center of Moldova, the region is facing strong demographic growth, that translates in the rapid spatial expansion of peri-urban areas without strategic guidance and targeted investment, increasing the risk of misaligned infrastructure development, urban sprawl, and inefficient land use. Furthermore, The Chisinau metropolitan area suffers from aging public transport system and infrastructures, forcing citizens to excessively use personal means of transportation, leading to daily congestion and traffic.

To support the continuity of basic urban infrastructures and services, the Government of Moldova has requested UPFI's support in order to prepare a *Balanced Territorial Development Programme* in Chisinau region and identify priority investments. The Programme will have three components: (i) urban planning; (ii) mobility and public transportation; and (iii) local economic development.

**1/3 of the Moldovan population** lives in Chisinau

Most of the public transport infrastructures are **outdated**

## Project status



## Project lead :

Ministry of Infrastructure and Regional Development

## Moldova on the EU pathway



Since 2022, the Republic of Moldova has gained the EU-accession candidate status and is now in the process of aligning with EU acquis and standards. In 2024, the EU voted the *Moldova Growth Plan*: 1,8 billion euros to support reforms and socio-economic development in the country.

In this context, the Government seeks to make of Chisinau region a "diffusion pole", attracting European investments and supporting other regions of Moldova in their development.

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# Cultural heritage valorization and territorial development

A initiative funded by the Urban Projects Finance Initiative - UPFI 3 East Facility



## THE PROJECT

Located 35km south of Yerevan, facing Mount Ararat, lies the archeological site of Arashat, remains of the ancient capital of Armenia, representing the rise of the Kingdom of Greater Armenia, that once stretched from the Caspian Sea to the Mediterranean.

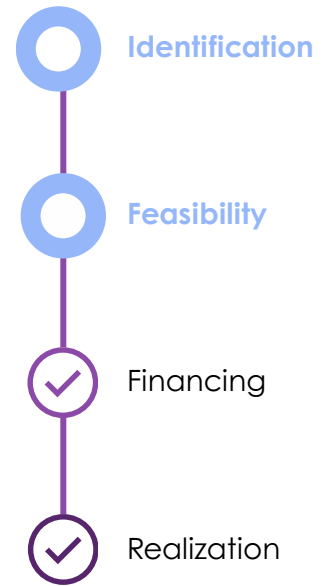
This Project aims at creating a major touristic complex around the site, attracting national and international visitors. Furthermore, the Project would consist of a broader territorial development program in the Ararat region, promoting sustainable urban development and economic growth.

UPFI is supporting the Armenian authorities in the design of (i) the Master Plan for Artashat's rehabilitation and valorization; (ii) the territorial development strategy, notably through the identification of investments in urban infrastructures (local roads, water and sanitation, waste management, energy, etc.) in order to support essential urban services, local economy, improve the quality of life, and strengthen climate resilience.

Artashat was founded **2000** years ago

Facing Artashat stands the **Mount Ararat, 5 137 meters high**

## Project status



## Project lead :

Ministry of Education, Science, Culture and Sport

Ministry of Economy

## Artashat



The ancient capital of Artashat was discovered in the 1970's. The site is composed of a dozen of hills, covering a total area of 600 hectares. Within this complex is located the Khor Virap Monastery, which already attracts 800,000 visitors per year, a major natural reserve (Khor Virap State sanctuary) as well as nearby local communities such as the villages of Pokr Vedi and Lusarat.

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# Supporting affordable housing

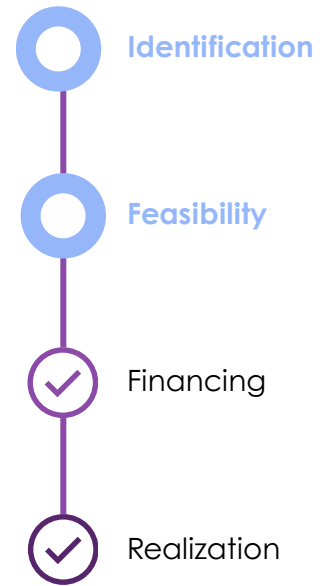
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## THE PROJECT

Since September 2023, Armenia has been facing a major humanitarian crisis following Azerbaijan’s military offensive in Nagorno-Karabakh, which triggered the mass displacement of more than 100,000 people to Armenia—representing approximately 4% of the national population. This demographic shock has occurred in a context of structural imbalances in the housing sector, with a housing supply both outdated and unaffordable, following sharp rise of real estate prices, especially in Yerevan, where most economic activity and services are concentrated. However, Armenia still lacks a structured affordable housing policy, leading to the exclusion of low-income households and refugees from the housing market.

To answer this crisis, UPFI is supporting the *National Mortgage Company* in reaching lower-income fringes of the population, as well as refugees, with more affordable mortgage solutions. Furthermore, UPFI aims at putting in place longer-term affordable housing solutions in Armenia such as rental social housing, rent-to-own, energy efficient refurbishment of old buildings, etc.

## Project status



**85%** of the housing stock dates from the Soviet era

**50% to 90%** increase in real-estate prices in the **past 5 years** in Yerevan

**Minimum 1000 families** supported by the project

### Project lead :

National Mortgage Company

Ministry of Labor and Social Affairs

## Yerevan: center of gravity of Armenia



Armenia faces strong geographical polarization of development with the capital city Yerevan and the four surrounding marzes (regions) of Ararat, Kotayk, Armavir and Syunik generating 70% of the national GDP. This imbalance leads to internal migration to the capital (Yerevan hosts 40% of Armeniana population), increasing housing demand and prices.

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# Baku metro project

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## THE PROJECT

The Baku metro is Azerbaijan's first subway system on the country, operating since in 1967. The metro currently has three lines for approximately 40km of rail. With a project funded by the European Investment bank (EIB) the Government seeks to modernize and scale-up the Baku metro network by extending metro lines and aquire new rolling stock.

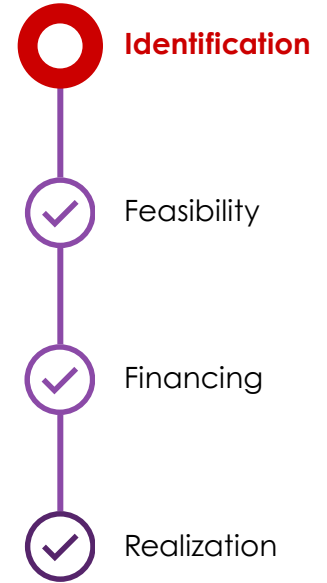
However, in Azerbaijan, oil and gas extraction activities have contributed to land degradation and contamination of water resources. Furthermore the construction of roads, pipelines, and other infrastructure has often led to habitat fragmentation and biodiversity loss. Last, the country, including Baku area, are under severe climate risks (water scarcity, urban flooding, landslides, extreme heat, etc.) and disaster stress (earthquake area).

Mandated with urban climate resilience objectives, the UPFI Facility will provide a Technical Assistance to the Government of Azerbaijan for the preparation of a Climate Risks and Vulnerabilities Assessment (CRVA) and a Climate Adaptation Plan (CAP) including emergency response and Disaster Risk Reduction (DRR) measures for the project.

Baku population has **increased by 22% since 2000**

About **231 million passenger trips per year** in Baku metro

## Project status



## Project lead :

Ministry of Digital Development and Transport

## Baku



Baku is a major economic and political centre in the South Caucasus region. The Baku Metropolitan region, which includes Baku and its twelve districts, has a population of about 2.25 million. The city of Baku continues to expand and is expected to accommodate an estimated 3 million people by 2030. The demand for public transport has been rising by 10% a year, with the current infrastructure being unable to meet these growing demands.

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# Boosting cities' development in Western Georgia

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## THE PROJECT

The economic policy of the Georgian Government focuses on the country's rapid economic growth, poverty reduction, and stronger positioning as the region's logistics and investment hub. This strategy focuses on large infrastructures along the Middle Corridor, a logistic corridor (cargo and rail), connecting South Caucasus to the Black Sea.

This long term strategy will directly impact the urban centers along the Corridor and therefore the project aims to (i) prepare these cities for such a transformation and (ii) turn them into drivers of sustainable development and economic growth.

UPFI has worked with 6 cities of Western Georgia (Kutaisi, Samtredia, Senaki, Khobi, Poti and Zugdidi), located along the Middle Corridor, leading to the design of a common strategic vision for territorial development, and identification of priority investments to set these cities on a sustainable growth pathway. The study also proposed innovative territorial development governance arrangements, as well as strengthened inter-municipal cooperation mechanisms.

**164 development projects** to implement in **6 cities** by 2025

**14 priority investments** identified

**EUR 130 million** of short-term possible investments

### Project status



### Project lead :

Ministry of Regional Development

Ministry of Infrastructure

## Vision for the Middle Corridor



The UPFI-promoted vision for the Middle Corridor is to transform the territory into a competitive Western Georgian region, driven by logistics and industry around the Anaklia–Poti gateway, supported by innovation and services in regional capitals such as Kutaisi and Zugdidi, and balanced by tourism, agriculture, and ecological assets across municipalities, ensuring inclusive growth and long-term resilience.

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