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Second Party Opinion

DCRIR Social Financing Framework

May 20, 2025

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Location: Poland	Sector: Government
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Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✕

✓ Social Loan Principles, LMA/LSTA/APLMA, 2023

See [Alignment Assessment](#) for more detail.

Strengths	Weaknesses	Areas to watch
<p>The financing aligns with the City of Lubin's 2035 Development Strategy, addressing the challenges of the city's aging population and growing dependency ratio for healthcare and social services. By improving the accessibility and affordability of rehabilitation and recreational facilities, the project supports the long-term well-being and social inclusion of elderly individuals and people with disabilities.</p>	<p>No weaknesses to report.</p>	<p>While the project has well-defined impact indicators, its success will depend on actual user engagement and service utilization. Monitoring the ratio of elderly and disabled visitors, service uptake, and satisfaction levels will be key to evaluating whether the project meets its social objectives effectively.</p>

Issuer Sustainability Context

This section provides an analysis of the issuer's sustainability management and the embeddedness of the financing framework within its overall strategy.

Company Description

Dolnośląskie Centrum Rehabilitacji i Rekreacji Sp. z o.o. (DCRIR) is a municipal company established by the City of Lubin in 2022 to finance and manage a project relating to the construction and development of the Lower Silesian Rehabilitation, Recreation, and Sports and Biological Renewal Center for Seniors, Disabled, and Physically Active People. DCRIR utilizes a Social Financing Framework based on the Social Loan Principles to support the project.

Material Sustainability Factors

Impact on communities

Sub-sovereign governments and municipal entities can address a wide range of community challenges by developing inclusive infrastructure and services that improve the well-being of economically and socially vulnerable groups. This can help reduce disparities in access to essential services, enhance social cohesion, and support long-term economic resilience. The realization of these objectives depends on responsible planning, transparent governance, and equitable service delivery. This includes ensuring the accessibility, affordability, and quality of public services, as well as implementing mechanisms to support those facing social or financial hardship. Conversely, inadequate planning, inequitable access, or ineffective governance can reinforce existing socioeconomic inequalities. By prioritizing social impact, municipalities can foster more inclusive communities, strengthen public trust, and enhance the long-term sustainability of their initiatives.

Access and affordability

Sub-sovereign governments and municipal entities play a critical role in ensuring access to essential services and infrastructure, particularly for vulnerable populations. Their ability to provide equitable and affordable access is shaped by budgetary constraints, regulatory frameworks, public-private partnerships, and the effectiveness of social policies. Factors such as fiscal capacity, local governance structures, demographic needs, and economic disparities influence sub-sovereign governments' capacity to design and implement inclusive services. Ensuring affordability often requires balancing cost recovery with social objectives and leveraging targeted subsidies, innovative financing mechanisms, and partnerships with multilateral institutions or private stakeholders. Additionally, sub-sovereign governments must weigh short-term fiscal pressures against long-term socioeconomic benefits, ensuring that service provision remains both financially sustainable and accessible to those who need it most.

Physical climate risk

Regulations, incentives, and various price signals—including, but not limited to, carbon taxes, subsidies, and penalties—are key tools for sub-sovereign governments to drive climate action across public and private sectors. The extent and urgency of their actions are influenced by national policies, their authority over local services and development initiatives, public support for climate initiatives, and the tangible impact of climate change in their regions. Additionally, short-term economic costs, social acceptance, competitive pressures, and the perceived balance between local and global climate risks can shape policy decisions. Sub-sovereign entities also have widely varying historical, current, and projected emissions, both in absolute and per capita terms, as well as in relation to their economic contributions at regional and national levels. These factors create diverse challenges and opportunities for local governments in managing physical climate risks and transitioning to more resilient and sustainable economies.

Issuer And Context Analysis

The project in the social financing framework focuses on accessibility, affordability, and community impact. The Lower Silesian Rehabilitation, Recreation, and Sports Center aims to improve access to healthcare and recreation for elderly individuals and people with disabilities by enhancing the physical accessibility and affordability of facilities and services and thereby supporting social inclusion and well-being.

The project supports the City of Lubin's goal of inclusive social development by improving access to healthcare, rehabilitation, and recreational services, particularly for vulnerable populations such as elderly individuals and people with disabilities. The City of Lubin's 2035 Development Strategy emphasizes modernizing healthcare and rehabilitation infrastructure to address demographic challenges, notably the aging population and increasing dependency ratio -the growing proportion of non-working residents reliant on a smaller working-age population. The strategy prioritizes equitable access and affordability, ensuring that residents with mobility limitations or financial constraints are not excluded.

The strategy also promotes community integration and social cohesion through the development of inclusive public spaces and targeted support programs. By enhancing accessibility, affordability, and preventive healthcare, Lubin aims to adapt its social infrastructure to demographic changes and support long-term urban development. The Lower Silesian Rehabilitation, Recreation, and Sports Center is a key initiative in this strategy, reinforcing its objectives of modernizing health infrastructure and reducing financial barriers through targeted affordability measures while ensuring compliance with national accessibility standards.

The City of Lubin's 2035 Development Strategy incorporates climate resilience through urban-planning measures such as expanding green areas, improving water retention, and adapting landscapes to mitigate climate risks, in line with local regulations. The city follows national adaptation frameworks, including the "Strategic Plan for Adaptation for Industries and Areas Vulnerable to Climate Change" and the "Ecological Policy of Poland 2030", using flood and drought risk maps, water scarcity assessments, and biodiversity evaluations to identify key hazards. These assessments guide resilience efforts, focusing on infrastructure adaptation, water management, and green development to reduce environmental vulnerabilities and support long-term urban sustainability.

Alignment Assessment

This section provides an analysis of the framework's alignment to Social Loan principles.

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✕

- ✓ Social Bond Principles, ICMA, 2023
- ✓ Social Loan Principles, LMA/LSTA/APLMA, 2023
- ✓ Blue Bond Guidelines, IFC GBF, 2022
- ✓ Blue Bond Guidelines, ICMA/IFC/UNEP/UNGC/ADB, 2023

✓ Use of proceeds

The framework’s social project category is considered aligned, and the issuer commits to allocate the net proceeds issued under the framework exclusively to finance the Lower Silesian Rehabilitation, Recreation, and Sports Center, classified under the healthcare, sports, and leisure project category.

Please refer to the Analysis of Eligible Projects section for more information on our analysis of the social benefits of the expected use of the proceeds.

✓ Process for project evaluation and selection

The project was pre-selected before establishing this framework to address strategic priorities that are outlined in the City of Lubin’s Development Strategy. DCRIR is dedicated solely to this investment, and we believe that the social objectives focused on accessibility, affordability, and improved rehabilitation services are well defined. The board management oversees the process, ensuring alignment with social financing principles, Polish law, and municipal policies. Compliance with environmental and social regulations is monitored externally, with regular audits on occupational safety, construction standards, and environmental impact.

✓ Management of proceeds

The proceeds of the social loan will be deposited in a dedicated earmarked account, ensuring transparent monitoring and allocation. Each tranche of the loan will be clearly labelled. Unallocated funds will be held in cash within the same account. DCRIR will document expenditures with technical advisor declarations and invoices verifying alignment with the project scope and budget.

✓ Reporting

DCRIR commits to annual reporting starting one year after receiving the loan and continuing until full allocation or significant changes occur. Reports will be subject to external verification and published on DCRIR’s website. Allocation reporting will provide details on project expenditures and target populations, while impact reporting will track accessibility audits, affordability measures, and service usage among elderly individuals and people with disabilities.

Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects considered to have clear social benefits and to address or mitigate a key social issue.

Over the three years following the issuance of the financing, DCRIR expects to allocate 100% of the proceeds to cover the capital and operating expenditures of the Lower Silesian Rehabilitation, Recreation, and Sports Center.

Social project categories

Healthcare, Sports, and Leisure

Investments include, but are not limited to, the construction, development, or modernization of sports grounds, playgrounds, leisure facilities, healthcare infrastructure, rehabilitation facilities, and other types of sites for sports, health, and leisure activities. The project addresses the social objectives of the City of Lubin and its surroundings by supporting equal access to sports, leisure, and social activities. To do this, it will invest in architecture and design to ensure physical accessibility and adjust users' costs to ensure affordability.

The target populations are:

- People with a temporary or permanent disability who, as a result, may experience poorer health outcomes, have less access to healthcare, education, and work opportunities, and are more likely to live in poverty than those without a disability.
- People aged 65 and over.

Analytical considerations

- The City of Lubin's aging population and the lack of dedicated health and rehabilitation facilities have created a need for improved access to healthcare, sports, and recreation services. These challenges are particularly relevant for elderly individuals and people with disabilities, who may face barriers to mobility, affordability, and access to specialized services. In response, DCRIR is developing the Lower Silesian Rehabilitation, Recreation, and Sports Center to expand health and leisure infrastructure while ensuring equitable access for all social groups. The project was designed following accessibility and affordability principles, aiming to improve quality of life for residents while addressing regional demographic and social needs.
- The primary beneficiaries of the project are elderly individuals and people with disabilities, as identified through demographic analysis and an evaluation of underserved social groups. Due to age-related health risks, mobility constraints, and a growing dependency ratio, these populations were prioritized to ensure they have access to essential rehabilitation and recreational services. The facility will include dedicated programs, policies, and financial-assistance measures, such as discounted rates for services, to ensure affordability for those with limited financial resources. Additionally, a monitoring system will track service usage among target populations through entry tickets and scheduled appointments, with eligibility for certain discounts and programs requiring official disability certification.
- To ensure physical accessibility, the facility has undergone an accessibility audit at the design stage, in line with Polish legal requirements and international best practices (e.g., ISO 21542:2021). A post-construction audit will be conducted to verify compliance and recommend improvements. The project also includes long-term accessibility monitoring, requiring that any future renovations maintain or enhance accessibility features. By integrating universal design principles and affordability mechanisms, the project supports equal access to healthcare, sports, and recreation, contributing to social inclusion and well-being in Lubin.
- The issuer states that the project complies with Polish environmental and social regulations. The Regional Directorate for Environmental Protection in Wrocław has confirmed that it does not expect the investment to have a significant impact on the environment or local communities. In addition, the construction process follows national construction law and is monitored by the Public Employment Agency. Occupational health and safety regulations are enforced, with an external subcontractor conducting weekly inspections to ensure compliance.

Mapping To The U.N.'s Sustainable Development Goals

Where the financing documentation references the Sustainable Development Goals (SDGs), we consider which SDGs it contributes to. We compare the activities funded by the financing to the International Capital Markets Association (ICMA) SDG mapping and outline the intended linkages within our SPO analysis. Our assessment of SDG mapping does not affect our alignment opinion.

This framework intends to contribute to the following SDGs:

Use of proceeds	SDGs		
Health, Sports, and Leisure			
	3. Good health and well-being	10. Reduced inequalities	11. Sustainable cities and communities

*The eligible project categories link to these SDGs in the ICMA mapping.

Related Research

- [Analytical Approach: Second Party Opinions: Use of Proceeds](#), July 27, 2023
- [FAQ: Applying Our Integrated Analytical Approach for Use-of-Proceeds Second Party Opinions](#), July 27, 2023
- [Analytical Approach: Shades of Green Assessments](#), July 27, 2023

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Second Party Opinion: DCRIR Social Financing Framework

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