Subnational Business Ready in the **European Union 2024:**

PORTUGAL

WORLD BANK GROUP
Development Economics | Global Indicators

SUBNATIONAL BUSINESS READY

With funding by the European Commission

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1 2 3 4 19 18 17 16

Contents

Foreword

In a world of stifled business growth, unemployment, and multiple socioeconomic crises, the significance of understanding and enhancing the business climate cannot be overstated. The launch of the *Subnational Business Ready* (B-READY) studies occurs at a pivotal moment in the context of Europe's economic landscape—they provide a rigorous and comprehensive examination of the business environments across diverse regions within six European Union Member States: Bulgaria, Croatia, Hungary, Portugal, Romania, and the Slovak Republic. This initiative is not solely analytical—it is fundamentally transformative, aiming to catalyze policy reforms and invigorate the private sector by leveraging diverse regional strengths within the European Union.

The effective cooperation between the World Bank and the European Commission, particularly the Directorate-General for Regional and Urban Policy (DG REGIO), has been instrumental in supporting Member States in achieving cohesive policy objectives. This collaboration has also generated globally relevant analytics and knowledge spillovers. The launch of these Subnational B-READY studies builds on previous studies, funded by DG REGIO, in which 115 locations from 16 Member States were benchmarked between 2017 and 2022.

The World Bank's commitment to promoting economic development and mitigating barriers that hinder private sector growth is closely aligned with its goal of eliminating poverty on a livable planet. This is reflected in the methodical approach of the Subnational B-READY team—analyzing and comparing business environments at the local level to foster sustainable and inclusive economic growth. By incorporating aspects of environmental sustainability into its assessments, the Subnational project directly supports the World Bank Group's livable planet mandate. With the continuous support of the European Commission, the project provides an overview of countries' regulatory processes, highlighting regional variations in business regulations and their practical implementation. The Subnational studies provide pathways to developing effective regulatory frameworks and enhanced administrative processes that are pivotal for economic resilience and growth.

By focusing on a range of topics, including Business Entry, Business Location, Utility Services, Dispute Resolution, and Business Insolvency, the Subnational project ensures a comprehensive evaluation of factors that influence business climates. Facilitating business entry is key for job creation and economic growth, with simple registration processes and transparency safeguarding business integrity. Secure property rights and effective land administration promote investment and market efficiency, while a robust environmental framework for construction protects the public and ensures sustainability. Reliable utility services, especially electricity and water, are critical for operations and profitability. Efficient dispute resolution and strong judicial systems encourage investment by providing timely and cost-effective processes. Finally, robust business insolvency frameworks are essential for economic stability, resilience, and job preservation. Understanding and optimizing these areas is crucial for crafting environments conducive to sustainable and inclusive business operations.

Moreover, the collaborative nature of the Subnational B-READY studies—conducted in alignment with the priorities of the national and local governments—guarantees that insights from the studies are both relevant and action-

able. This engagement is a testament to a shared commitment from various governmental levels to refine business practices for amplified economic impact.

As these assessments unfold, the objective extends beyond identifying discrepancies; the aim is to guide policy makers and foster a dialogue between local and national governments and the private sector. The exchange of best practices and success stories is intended to spark innovative and effective reforms across regions, setting a precedent for future economic enhancements.

In essence, the Subnational B-READY studies for these six nations represent more than mere reports—they are a guide toward smarter, more efficient policies that empower businesses and foster substantive economic growth. We are confident that the insights from these assessments will catalyze significant strides in private sector development and economic policy making at both regional and national levels.

We extend our deepest gratitude to all contributors, partners, and stakeholders, whose expertise and unwavering dedication have been instrumental in sculpting these comprehensive studies. Your continued engagement and insightful feedback are crucial as we advance our mission to enhance business environments globally, paving the way for an era of renewed growth and prosperity.

Norman V. Loayza
Director, Development Economics
Global Indicators Group, World Bank

Acknowledgments

The *Subnational Business Ready* (B-READY) in Portugal study was undertaken under the auspices of the General Directorate of Local Authorities and funded by the European Commission's Directorate General for Regional and Urban Policy.

This report was produced by a World Bank team led by Edgar Chavez and Ana Santillana Farakos. The team comprised Razvan Antonescu, Iria Buxan Raposo, Matilde Cameira, Gina Cardenas Varon, Gonçalo Santos De Oliveira, Lilla Fordos, Marko Grujicic, Maksym Iavorskyi, Mihir Nikhil Madhekar, Hortênsia Medina, Andrei Moarcăş, Mădălina Papahagi, Cristina Montoya Perez, Trimor Mici, Alberto Pellicano, Tommaso Rooms, Ben Solis, Predrag Sutanovac, Burak Turkgulu, and Julien Vilquin. The team is grateful for valuable comments provided by peer reviewers from across the World Bank Group. Marcel Ionescu-Heroiu, Arvind Jain, Klaus Adolfo Koch-Saldarriaga, Andres Federico Martinez, Nina Pavlova Mocheva, Sergio Ariel Muro, and Pilar Salgado Otonel reviewed the full text. Norman Loayza, Marina Wes, Anna Akhalkatsi, Ibtissam Alaoui, Stefania Lenoci, Annely Madeleen Koudstaal, and Goran Tinjic provided guidance and leadership. Giovanni Bo, Alina Gres, Corina Grigore, Irina Koval, Monique Pelloux, Julie Biau, and Serge Randriamiharisoa provided valuable assistance and inputs at various stages of the project.

The report was edited by Matthew Robert Zoller, Deviah Machimanda Appaiah, Charles Hagner and Susan Boulanger; the layout was produced by Luis Liceaga.

The Subnational B-READY team extends special thanks for project support to the eight Portuguese municipal authorities, the Ministry of Justice, the Institute of Registries and Notary, the Energy Services Regulatory Authority, the Water and Waste Services Regulation Authority, the Water and Waste Services Regulation Authority of the Azores, the National Communications Authority, the Directorate-General for Energy and Geology, National Cybersecurity Centre, the Portuguese Environment Agency, the Regional Coordination and Development Commissions, the Regional Secretariat for Environment, Natural Resources, and Climate Change in the Azores, the Regional Secretariat of Environment and Climate Action in Madeira, the Judicial High Council, and the Commercial Arbitration Centre of the Portuguese Chamber of Commerce and Industry, as well as local utilities and courts.

Data collection was carried out in collaboration with Raposo Subtil e Associados and Tecninvest 2-Estudos de Desenvolvimento, Tecnologia e Inovação. The Solicitors and Enforcement Agents National Association, the Commission for the Supervision of Court Auxiliaries, the Portuguese Association for Insolvency and Recovery Law, the Portuguese Association for Impact Assessment, and the Portuguese Association of Sanitary and Environmental Engineering also contributed valuable data. More than 400 business consultants, engineers, lawyers, electricians, architects, construction experts, utility providers, public officials, judges, and enforcement agents contributed to the study. The team would like to express its special gratitude to the national and local public officials and members of the judiciary who participated in the project and provided comments during the consultation and data review period.

Subnational B-READY is a product of the Development Economics Vice-Presidency (DECVP), led by Indermit Gill, Senior Vice President and Chief Economist of the World Bank

Group. B-READY is housed in the Global Indicators Group, Development Economics (DECIG), and is supervised by Norman Loayza (DECIG Director). The Subnational B-READY projects are implemented by a team led by Mădălina Papahagi (Senior Private Sector Specialist, DECSN) and Valentina Saltane (Manager, DECSN), in collaboration with other DECIG units (Business Ready, led by Valeria Perotti, and Enterprise Analysis, led by Jorge Rodriguez Meza).

The Enterprise Analysis team collected all the B-READY firm-level data through the implementation of the expanded Enterprise Surveys and provided invaluable advice on questionnaire design and indicator development. This team is led by Jorge Rodriguez Meza (Manager) and consists of Gemechu Aga, Nesma Ali, David C. Francis, Norma Janeth Gomez Caceres, Caroline Gomes Nogueira, Arvind Jain, Filip Jolevski, Nona Karalashvili, Hibret Maemir, Eugenia Aurora Rodriguez Cuniolo, Davide Salvatore Mare, William Soh, Nazim Tamkoc, Kohei Ueda, Domenico Viganola, Rose Wairimu Gachina, and Joshua Wimpey.

The team extends its apologies to any individuals or organizations inadvertently omitted from this list and conveys its appreciation to all contributors to the Subnational B-READY in the European Union studies, including those whose names may not be listed here.

Executive Summary

Subnational Business Ready (B-READY) in the European Union: A Comprehensive Assessment of Regional Business Climate

The Subnational B-READY in the European Union (EU) series is a project led by the World Bank in partnership with the European Commission's Directorate-General for Regional and Urban Policy (DG REGIO) aimed at assessing and enhancing the business environment across different regions within the EU. This year, the Subnational B-READY series cover 40 cities in six EU Member States—Bulgaria, Croatia, Hungary, Portugal, Romania, and the Slovak Republic—covering 36 European regions. This phase builds upon the World Bank's previous Subnational studies conducted in these countries between 2017 and 2022. More broadly, the former Subnational in the EU reports assessed business environments in Bulgaria, Hungary, and Romania (2017); Croatia, the Czech Republic, Portugal, and the Slovak Republic (2018); Greece, Ireland, and Italy (2020); Austria, Belgium, and the Netherlands (2021); and Denmark, Finland, and Sweden (2022), covering 115 locations across 16 EU Member States. These studies have laid the groundwork for identifying regulatory gaps and sharing best practices to strengthen the EU's regional economic cohesion. As part of an ongoing effort, the team is launching the second round of measurements, which will cover over 60 cities from the Czech Republic, Greece, Ireland, Italy, Poland, and Spain. A third round is set to begin in 2025, expanding the assessment to more EU Member States.

Objective

The primary objective of the Subnational B-READY studies is to identify and address regional disparities in regulatory environments and to promote reforms that foster private sector growth, job creation, and sustainability. The Subnational B-READY series delivers a rigorous, data-driven analysis of business climates at the local level, offering actionable insights for policy makers. By examining key areas of the life cycle of the firm—Business Entry, Business Location (including Building Permitting, Environmental Permitting, and Property Transfer), Utility Services (Electricity, Water, and Internet), Dispute Resolution, and Business Insolvency—this report offers a road map for improving administrative processes and regulatory frameworks that directly affect businesses at the local level in eight Portuguese cities: Braga, Coimbra, Évora, Faro, Funchal, Lisbon, Ponta Delgada, and Porto.

Intended Audience

This Subnational B-READY report series targets a wide audience, from national to local government officials, and from private sector stakeholders to development agencies, policy makers, and researchers. The findings are meant to help these groups identify best practices, reduce regulatory bottlenecks, and foster a more unified and efficient business environment across regions. Additionally, the collected data serve as an effective tool for local governments, enabling them to benchmark and track performance over time vis-à-vis not only national standards but also international benchmarks. The comprehensive underlying country-specific datasets provide ample opportunities for further research in the area of private sector development and growth.

The Importance of Regional Data

An insight into regional dynamics allows an economy to be more inclusive and sustainable in its economic growth. The Subnational B-READY reports offer governments the evidence needed to design targeted reforms, allowing regions to enhance their business climates and bridge performance gaps. It is hoped that the key findings will encourage peer learning across regions by disseminating good practices observed in high-performing cities. It is expected that such a sharing of best practices would lead to cross-regional improvements and eventually spur competitiveness across the EU.

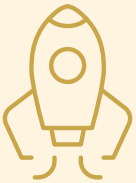
By highlighting both achievements and areas for improvement, these assessments aim to support national and regional policy makers in driving meaningful reforms. In this way, the project exemplifies the shared commitment of the World Bank and DG REGIO to enhancing economic cohesion and resilience within the EU through rigorous analysis and evidence-based policy recommendations.

Key Findings

- All eight Portuguese cities show diverse performance across topics. Faro leads in Dispute Resolution and Business Insolvency but falls below the average of the eight cities in Utility Services and Business Location. Porto scores the highest in Utility Services and Business Location but the lowest in Business Insolvency. This points to opportunities for Portuguese cities to improve and learn from each other's good practices.
- All cities perform with equal effectiveness in Business Entry. Using *Empresa na hora*, entrepreneurs can complete the necessary steps to open a new limited liability company in as fast as 4.5 days in all eight cities assessed.
- Business Insolvency shows the largest gap across all measured areas. Faro scores the highest in this topic (88.1), while Porto scores the lowest (79.8).
- Across the country, city-level scores are the highest on Business Entry (94.2) and the lowest on Business Location (68.5). The weaker performance in Business Location is due to the limited geographic coverage of cadastral information, restricted digital services for building and environmental permits, and long processing times for obtaining building permits.
- Cities in Portugal tend to perform better in terms of the strength of the Regulatory Framework (Pillar I) than on the quality and delivery reliability of Public Services (Pillar II). There is no city-level variation within the country on the quality of the Regulatory Framework (Pillar I). On average, the eight cities score relatively high in Pillar I, particularly in Business Entry (95), Business Location (94.8), and Dispute Resolution (90).
- In Business Insolvency, the city performance across the country on the Regulatory Framework (Pillar I, 69.1 points) is the weakest among the measured topics due to lower scores in subtopics such as post-commencement standards in liquidation and reorganization, and the availability of specialized insolvency proceedings for micro- and small enterprises.
- There are notable differences in service levels across cities in the provision of Public Services (Pillar II) for topics such as Business Location and Business Insolvency. For example, in the area of building permits, Lisbon and Porto lead in offering comprehensive electronic permitting platforms, while these platforms are either nonexistent or rudimentary in cities such as Évora, Faro, and Funchal, requiring paper, email or USB flash drive/CD ROM submissions.
- Most of the cross-city variation is driven by Operational Efficiency (Pillar III). For example, how efficiently electricity connections can be obtained in Portugal varies significantly in time and cost. Lisbon offers the fastest connection in 100 days, while in Ponta Delgada connecting takes up to 133 days. Costs also vary depending on the type of voltage connection.
- Obtaining a water connection is fastest in Braga, at 31 days, and slowest in Évora and Lisbon, at 65 days. Differences are due mainly to the need for municipal excavation permits in some cities, which can add over a month, as well as how efficiently local utilities complete the connection work.
- The largest disparity among cities for Dispute Resolution is in the total costs for commercial litigation. Despite standardized court fees nationwide, litigation costs, which comprise court fees and attorneys' fees, vary from 2.6 percent of the claim value in Funchal to 11.8 percent in Porto, as legal fees remain unregulated.

Areas of Improvement

Business Entry



Looking ahead, Portugal can continue supporting the implementation of digital tools to facilitate the business entry process. In 2023, the government announced the project *Empresa Online 2.0* (https://registo.justica.gov.pt/empresa/autenticacao), with the aim to further facilitate the online registration process. This project introduces several features to make it easier for entrepreneurs to form companies. These features include the prefilling of shareholder information when completing the online form, the possibility also to incorporate *sociedades anónimas* (corporations) online, support for foreigners who use the platform in English, and, lastly, the registration of beneficial owners at the time of company registration.

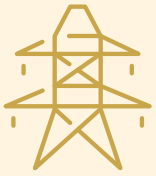
Business Location

Areas of improvement in the building-permitting process for Portugal include implementing and strengthening electronic permitting systems in most cities, accompanied by user support and awareness campaigns. Introducing a standardized legislative framework to harmonize requirements and simplify construction-permitting legislation, including the cost structure for building permits, can reduce regulatory fragmentation and uncertainty. Additionally, developing and integrating platforms based on the Geographic Information System (GIS) for spatial planning and coordination among various agencies involved in the permitting process can reduce delays and improve efficiency.

To improve land administration and property transfer, Portugal can continue promoting the use of online registration to speed up the process and make managing the workload at the registry offices more efficient. In parallel, reviewing and addressing the causes behind the decline in the use of *Casa Pronta* as a viable alternative channel for registration could help improve efficiency. In addition, further progress to achieve the full registration and mapping of private properties is important to enhance the legal security of property rights. The authorities can also consider setting up an out-of-court mechanism at the land registry to compensate for losses suffered by private parties due to land registry errors, preventing lengthy court proceedings. Finally, to increase transparency, the authorities could publish service standards and make available online all relevant information on property transactions, statistics on land disputes, and sex-disaggregated data on land ownership.

To improve the environmental permitting framework, Portugal could implement a standardized formal qualification system that is recognized nationally for environmental impact assessment (EIA) professionals. Entrepreneurs in Portugal can also benefit from improved coordination between the environmental and building-permitting regulatory frameworks and their processes. The Autonomous Regions of the Azores and Madeira could consider developing and deploying a comprehensive online platform similar to SILiAmb (https://siliamb.apambiente.pt/pages/public/login.xhtml) to replace the current paper-based application method. Digital submissions and real-time status tracking would improve transparency and allow applicants to monitor the progress of their applications more effectively. This transition could streamline processes and reduce administrative burdens.

Utility Services



To improve electricity services, Portugal could consider implementing and strengthening online application platforms for electricity connections across all cities, accompanied by customer assistance, online guidelines, and awareness campaigns. Expanding the functionalities of digital platforms to include tracking features and more comprehensive support for entrepreneurs could reduce delays and improve customer experience. Enhancing transparency and accountability through the collection and publication of statistics on processing times, connection costs, and service reliability can help set clear expectations and incentivize performance improvements. Additionally, streamlining the legal framework to harmonize requirements across municipalities and simplifying the excavation process can reduce regulatory fragmentation and uncertainty. Finally,

increasing investments in electricity infrastructure in Braga and Ponta Delgada could enhance the reliability of electricity services.

To improve water services further, Portugal could implement and strengthen online application platforms for water connections across all cities, accompanied by customer assistance, online guidelines, and awareness campaigns. Enhancing transparency and accountability through the collection and publication of statistics on processing times, connection costs, and service reliability can help set clear expectations and incentivize performance improvements. Additionally, harmonizing qualification requirements for professionals operating in the sector and introducing financial and nonfinancial incentives for water-saving practices can promote sustainability and efficiency. Streamlining the process of obtaining excavation permits and improving interoperability between local utilities and municipal systems can further reduce delays and enhance service delivery across the country.

Dispute Resolution

Areas for improvement in the Dispute Resolution framework of Portugal include the establishment of a dedicated commercial court, or commercial divisions within existing courts, to deal with legal disputes between firms to reinforce the efficiency of commercial litigation. Judges with specialized knowledge in locations with large caseloads and complex cases could encourage more streamlined procedures. Also, the publication of first-instance judgments in a freely accessible and searchable database can enhance judicial transparency. Extending the publication of all judgments, beyond those of the Supreme Court of Justice and appellate courts, could drive public access and legal certainty forward.

Business Insolvency

Suggested improvements in insolvency proceedings focus on three areas. First, experts agree there is inequitable attention paid to the management of insolvent companies in the Autonomous Regions of the Azores and Madeira, due to proximity issues. Paying increased attention to the number of insolvency administrators in all regions is important, as is developing digital tools to improve case management at distance when circumstances do not allow in-person meetings with creditors. Second, enhancing the transparency and accountability of insolvency administrators can improve their effectiveness and reduce procedural delays. For this, Portugal can implement regulations to foster communication between insolvency administrators and stakeholders, improve visibility in the management of insolvent assets, and reinforce compliance and oversight measures for the profession by the relevant authorities in issues such as expense reimbursement and delayed payment to creditors. Third, enhancing the accuracy of the registry office databases accessed via *Citius* and effectively utilizing the legal provision authorizing insolvency administrators to access tax and social security databases may further improve their performance.

Table 1. Summary of Potential Opportunities for Regulatory Improvement in Portugal

Topic	Areas for Improvement	Relevant Stakeholders
Business Entry	Ongoing improvements: *Empresa Online* 2.0	• Institute for Registers and Notary (IRN)
Business Location	Building Permitting	
	Harmonize requirements and simplify construction permitting legislation	• Ministry of Infrastructure and Housing • Administrative Modernization Agency, I.P. (AMA) • Regional Coordination and Development Commission (CCDR) • Ministry of Territorial Cohesion • Municipalities
	Review and simplify the cost structure for building permits	• Ministry of Infrastructure and Housing • Administrative Modernization Agency, I.P. (AMA) • Regional Coordination and Development Commission (CCDR) • Municipalities
	Introduce and improve electronic platforms for the building permitting process	
	Environmental Permitting	
	Standardize and formalize the qualifications for EIA professionals	• Portuguese Environmental Agency (APA) • Regional Coordination and Development Commission (CCDR)
	Improve coordination and consistency in environmental permitting and building permit integration	• Portuguese Environmental Agency (APA) • Regional Coordination and Development Commission (CCDR) • Administrative Modernization Agency, I.P. (AMA) • Municipalities
	Property Transfer	
	Promote the uptake of digitally submitted registration requests throughout the country	• Institute for Registers and Notary (IRN)
	Assess the reasons for *Casa Pronta*'s usage decline and take measures to address identified issues	
	Make Land Registry and Cadastral databases interoperable with each other and with those of other key agencies	• Institute for Registers and Notary (IRN) • National Registry of Legal Entities • Directorate-General for the Territory • Tax and Customs Authority
	Ensure that all private properties are registered and mapped	• Institute for Registers and Notary (IRN) • Directorate-General for the Territory • Municipalities
	Set-up an out-of-court mechanism at the Land Registry to compensate for losses suffered by private parties due to Land Registry errors	• Ministry of Justice
	Increase transparency by publishing and committing to service standards, and publish annual statistics on land disputes and sex-disaggregated data on ownership	• Ministry of Justice • Institute for Registers and Notary (IRN)
Utility Services	Electricity	
	Replace the internal installation certificate with a self-certification of compliance	• Directorate-General for Energy and Geology (DGEG) • Distribution utilities • Regional Energy Directorate (DREn) • Regional Directorate for the Economy and Transports (DRET)
	Streamline the process for getting an excavation permit	• Distribution utilities • Municipalities
	Introduce and strengthen the online application platforms	
	Increase transparency and accountability by collecting and publishing statistics	
	Improve the reliability of the electricity supply	• Energy Services Regulatory Authority (ERSE) • Distribution utilities

Table 1. Summary of Potential Opportunities for Regulatory Improvement in Portugal

Topic	Areas for Improvement	Relevant Stakeholders
Utility Services	Water	
	Streamline the process of obtaining an excavation permit	• Water utilities • Municipalities
	Enhance the use of GIS-based databases	• Water utilities
	Allow customers to submit a certificate of conformity for the internal installation	• Water and Waste Services Regulatory Authority (ERSAR) • Water and Waste Services Regulatory Authority in the Azores (ERSARA) • Water utilities
	Enhance the qualification requirements for professionals operating in the water sector	• Water and Waste Services Regulatory Authority (ERSAR) • Water and Waste Services Regulatory Authority in the Azores (ERSARA)
	Publish stipulated standards for water connection times online	• Water utilities
Dispute Resolution	Establish specialized commercial courts or commercial divisions	• Ministry of Justice • Judicial High Council
	Publish all judgments at the first instance level	
Business Insolvency	Revise the number of insolvency administrators per region	• Ministry of Justice • Commission for Legal Assistants (CAAJ)
	Enhance transparency and accountability	

Source: Subnational Business Ready

Methodology

As part of the World Bank's overarching effort to promote private sector development, the Subnational B-READY provides assessments of the business environment in select cities within measured economies with the aim of delineating the geographic variation. The assessments adopt a holistic view of the private sector as they consider all the stakeholders in private sector development—including existing firms, potential entrants, and the citizens at large—by evaluating aspects such as transparency and environmental requirements. The assessments are based on original data collected by the Subnational B-READY team and are published through reports and online.

As a new product, the Subnational B-READY is using the methodology of the Global B-READY report, adapting it to project-specific contexts based on client needs. Over time, the project will grow in geographic coverage, and its methodology will be refined. In the first phase of the Subnational European Union (EU) project, the Subnational B-READY assessments have been prepared for 40 cities in six EU economies—namely, Bulgaria, Croatia, Hungary, Portugal, Romania, and the Slovak Republic.

The selection of cities for Subnational B-READY assessments in the EU is based on geographical coverage and size in consultation with the European Commission and the national governments. In Portugal, the Subnational B-READY covers eight cities in seven regions at the NUTS2[1] level: Braga (North), Coimbra (Center), Évora (Alentejo), Faro (Algarve), Funchal (Autonomous Region of Madeira), Lisbon (Lisbon Metropolitan Area), Ponta Delgada (Autonomous Region of the Azores), and Porto (North) (map 1).

Map 1. Cities in Portugal covered by Subnational B-READY

Source: Subnational Business Ready

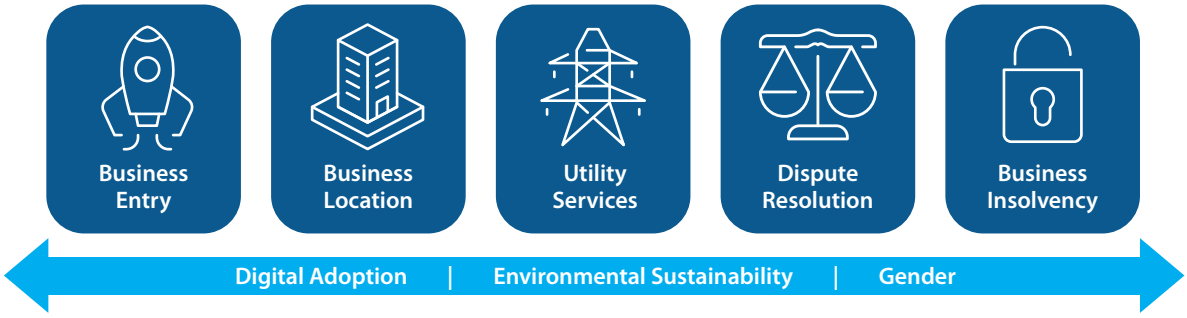
1 Nomenclature of Territorial Units for Statistics (NUTS) is a geocode standard for referencing the administrative divisions of countries for statistical purposes developed and regulated by the European Union. There are three major categories of administrative divisions: NUTS1 (major socio-economic regions), NUTS2 (basic regions for regional policies), and NUTS3 (small regions for specific diagnoses). For more details, see https://ec.europa.eu/eurostat/web/nuts.

Subnational B-READY assessments in the EU are organized into five topics that follow the life cycle of the firm: Business Entry, Business Location, Utility Services, Dispute Resolution, and Business Insolvency (figure 1). Across the five topics, assessments include crosscutting areas of digital adoption, environmental sustainability, and gender.

Each of the five Subnational B-READY topics rests on three pillars: Regulatory Framework, Public Services, and Operational Efficiency (figure 2). The Regulatory Framework pillar comprises the rules and regulations that firms must follow as they open, operate, and close a business. Public Services refers to both the facilities that governments provide to support compliance with regulations and the institutions and infrastructure that enable business activities. In the project, public services are limited to the business environment areas related to the life cycle of the firm. Operational Efficiency refers to both the ease of compliance with the regulatory framework and the effective use of public services directly relevant to firms.

The Subnational B-READY methodology compiles a large set of indicators for each pillar within each topic following the Global B-READY categorizations.[2] The selection of indicators is based on their relevance, value added, and complementarity. These indicators have five major characteristics: they are indicative of established good practices; they are quantifiable and actionable through policy reforms; they seek to balance *de jure* and *de facto* measures within topics; they are comparable across economies and repre-

Figure 1. Subnational B-READY Topics



Source: Business Ready

Figure 2. Subnational B-READY Pillars

Source: Business Ready

2 Adjustments have been made to the Global B-READY indicators to make them more suitable for Subnational B-READY assessments: two indicators in the Operational Efficiency pillar of Business Entry have been excluded due to not being relevant at the regional level, and one indicator in the Operational Efficiency pillar of Business Location has been excluded due to insufficient regional coverage.

sentative within each economy; and they span the most relevant aspects of each topic.

In the Regulatory Framework pillar, the indicators address the quality of rules and regulations, distinguishing between those that lead to clarity, fairness, and sustainability of the business environment and those that impose unnecessary restrictions on entrepreneurial activity. In the Public Services pillar, the indicators emphasize digitalization, interoperability, transparency, and adequacy of services directed at easing regulatory compliance and enabling business activities. In the Operational Efficiency pillar, the indicators across topics assess a firm's experience in practice with respect to the business environment.

The Subnational B-READY combines primary data from expert questionnaires with data collected through Enterprise Surveys following the Global B-READY methodology (figure 3). In the EU context, data from the Enterprise Surveys aggregated at the NUTS2 region level were used for each city. Detailed data to help produce the Regulatory Framework and Public Services indicators were collected exclusively through expert questionnaires. Data for the Operational Efficiency indicators were collected through a combination of expert questionnaires and Enterprise Surveys for Business Location, Utility Services, and Dispute Resolution.[3] For topics related to issues that are not faced routinely by firms, such as Business Entry or Business Insolvency, the data-collection process relied solely on expert questionnaires.

Similar to the Global B-READY methodology, in the Subnational B-READY, data collected through expert surveys are validated against surveys received from the public entities. All responses that result in contradictory or inconclusive data points are followed up on with the experts. Moreover, in the case of the Subnational B-READY methodology, the reconciliation process is pursued until the data point is firmly established through hard evidence based on additional research, in-depth interviews with contributors, or data validation with public entities.

The Subnational B-READY implements a scoring methodology that aggregates individual indicators to subcategories, categories, and pillars following the Global B-READY methodology (figure 4). The methodology allows comparisons across pillars and economies by weighting each subcategory accordingly. From indicators to pillars, scores are aggregated through summation of the weighted scores. Each pillar is scored out of 100, and the topic score is obtained by averaging the pillar scores.

The Subnational B-READY is governed by the highest data-integrity standards, including sound data-gathering processes, robust data safeguards, and clear approval protocols, which are detailed in the *Subnational Business Ready (B-READY) Manual and Guide*, publicly available on the Subnational B-READY website. Additionally, the B-READY Methodology Handbook details both the B-READY indicators and the scoring approach. Any deviations from the B-READY Methodology Handbook are detailed in the

Figure 3. Subnational B-READY Data Sources

Expert Questionnaires

- Collect data from experts who regularly deal with business regulations and related public services and institutions.
- Provide mainly *de jure*, but also *de facto*, information.
- Data collection through topic-specific questionnaires, administered to three to five experts per questionnaire and city.
- From experts in the private sector and public agencies.

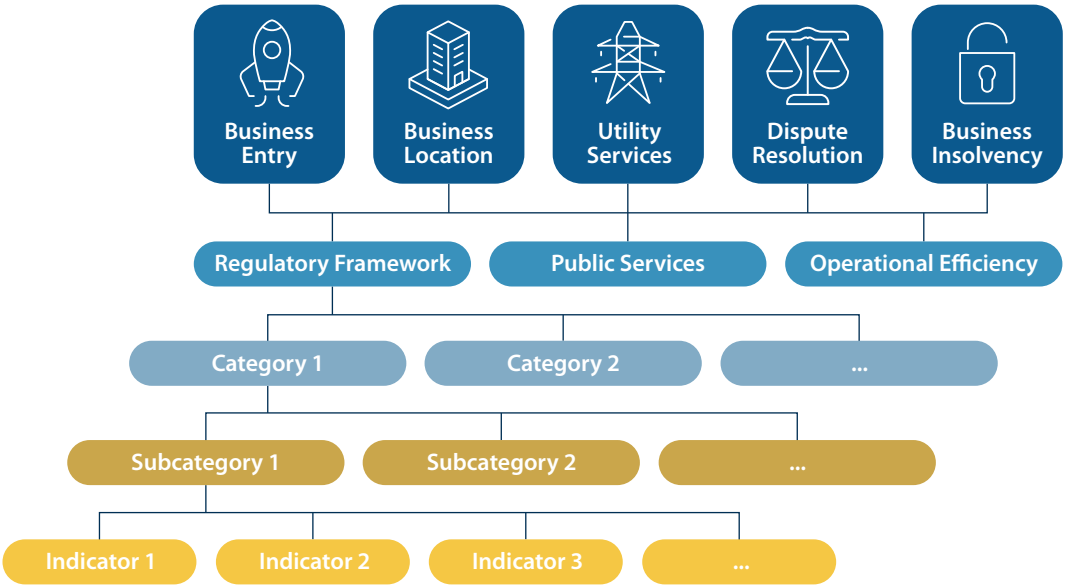
Enterprise Surveys

- Collect data from the owners or managers of a representative sample of registered firms.
- Provide *de facto* information.
- Data collection embedded in the World Bank Enterprise Surveys (expanded from 15 to 65 Enterprise Surveys a year).
- Updated every three years for each economy.

Source: Subnational Business Ready

3 For one indicator in the Operational Efficiency pillar of the Utility Services topic, data from expert surveys, rather than Enterprise Surveys, have been used, in contrast to the Global B-READY, because of limitations of the Enterprise Surveys data at the regional level.

Figure 4. Subnational B-READY Scoring Cascade



Source: Business Ready

Subnational B-READY Manual and Guide. The project governance documents will be updated and improved as the project progresses through the initial phases. The cornerstone of B-READY governance is transparency and replicability; as such, all data at the individual city level used to calculate scores will be made publicly available on the project's website.

Subnational Business Ready
in the European Union 2024:
PORTUGAL

1. Overview

1.1 Overall Results

Portuguese cities score high in the areas of Business Entry, Business Insolvency, and Utility Services, on average, at 94.2, 85.0, and 83.1 points, respectively (figure 5). On the Business Entry and Utility Services topics, score variability across cities is also the lowest. Company incorporation is implemented with equal effectiveness across the cities measured, as entrepreneurs can register a company by choosing from the services *Empresa na hora* or *Empresa Online*. Access to electricity, water, and internet in Porto (84.6 points, the highest score) varies only slightly with access in Funchal (lowest with 81.5 points). Most of this variation is driven by differences in the provision of Public Services and business regulatory efficiency, particularly in the subtopic of water, where connection times vary from one to over two months depending on the location. Business Insolvency varies in topic scores across the cities. The difference between the worst and best performer on this topic is 8.3 points—the largest gap across all measured areas. Faro scores the highest in Business Insolvency with 88.1 points, while Porto scores the lowest with 79.8 points, due mainly to differences in the time required to resolve reorganization proceedings.[4]

The lowest scores obtained are on the topics of Business Location and Dispute Resolution, with average scores of 68.5 and 75.9 points, respectively, signaling room for improvement (figure 5). The Business Location topic, which comprises the subtopics of building permitting, environmental permitting, and property transfer, has the lowest city-level scores, although there is variation across cities—Porto obtains the highest score, with 71.9 points, while Ponta Delgada scores the lowest, with 65.2 points. In terms of subtopics, most of the variation in Business Location is driven by differences in the availability of Public Services for environmental and building permits and efficiencies in obtaining building permits and transferring property. For example, while continental Portugal has an electronic platform for environmental permits, Ponta Delgada and Funchal do not, which harms their Public Services scores.

Portuguese cities tend to perform better in the Dispute Resolution topic, but performance differs across cities: Faro leads with a score of 79.5 points, while Évora obtains the lowest score of 71.7 points. These results are explained entirely by differences in the ease of resolving a commercial dispute, particularly in terms of the reliability of courts and alternative dispute resolution (ADR) mechanisms, as measured by Enterprise Surveys data.

There are no clearly defined top-performing cities across all topics. Faro performs best in Dispute Resolution and Business Insolvency but has a weaker score than the average of the eight cities in Utility Services and Business Location. The low scores on these topics are driven primarily by the relatively lower performance in the efficiency pillar of Utility Services and, to a lesser extent, the Public Services pillar related to Business Location. A higher percentage of firms in the Algarve region (including Faro) own generators and experience internet disruptions, water insufficiencies, and more frequent electricity interruptions.

4 Reorganization refers to the collective proceedings through which the financial well-being and viability of a debtor's business may be restored based on a reorganization plan, so that the business can continue to operate as a going concern, including debt forgiveness, debt rescheduling, debt equity conversions, and sale of the business (or parts of it). The term *reorganization* refers exclusively to formal in-court proceedings available to all commercial debtors and does not include schemes of arrangement and out-of-court agreements with creditors.

Figure 5. Overall Topic Scores, by City

Source: Subnational Business Ready

Additionally, reliable digital services, such as online platforms for building permit applications, are lacking.

Porto obtains the highest score in Utility Services and Business Location but the lowest in Business Insolvency. The lowest scores are due to inefficiencies in liquidation proceedings.[5] Larger cities, such as Porto and Lisbon, which handle a higher volume of court cases, experience greater backlogs, resulting in longer proceedings. This diversity in performance across topics points to opportunities for improvement in all cities, including sharing good practices among peers.

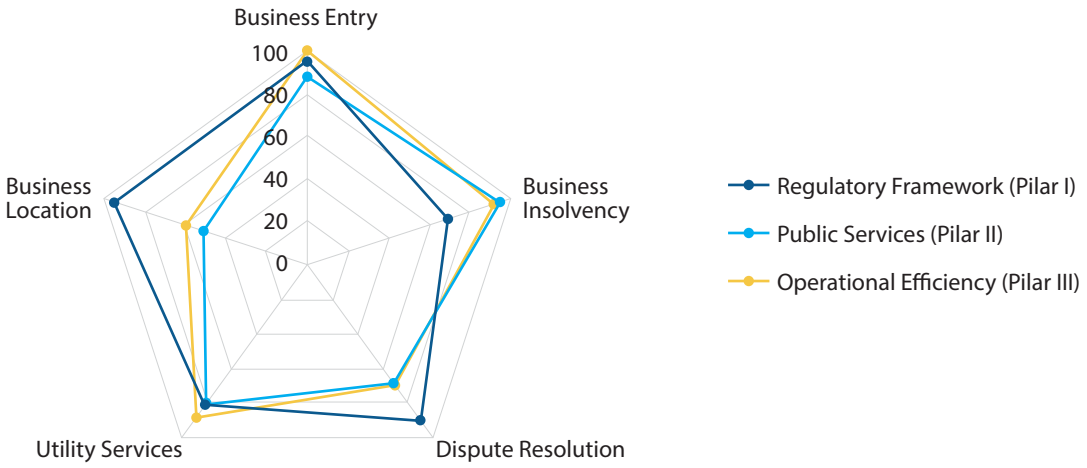
All eight cities score the lowest on the Business Location topic, while Business Entry is uniformly the best-performing business regulatory area, as the process is harmonized across cities. The weaker performance in Business Location is related to limited geographic coverage of cadastral information, limited digital services for building permitting, and lengthy times needed to obtain building permits. Ponta Delgada has the highest spread between the best (Business Entry) and the worst (Business Location) topic scores, a gap of 29 points. Conversely, Porto has the most harmonized cross-topic results; the gap between its best and worst score is 22.3 points. In all cities except Lisbon and Porto, the topic scores follow the same order. In Lisbon and Porto, Utility Services is the second best-performing topic, rather than Business Insolvency, due to the longer times required to resolve insolvency proceedings in these two cities. Additionally, between the two legal topics—Dispute Resolution and Business Insolvency—Évora has the weakest score in the former, while Porto scores the weakest in the latter. Évora also has the largest score gap between these two topics: 13.6 points.

Across the five topics, cities in Portugal tend to perform better on Pillar I—which captures the strength of the Regulatory Framework—than on Pillar II, which assesses the quality and delivery reliability of Public Services, with the notable exception of Business Insolvency (figure 6). The average score of the eight cities is comparatively high in Pillar I on Business Entry, Business Location, and Dispute Resolution—95.0, 94.8, and 90.0 points, respectively.

For Pillar II, the cities receive, on average, high scores in Business Insolvency and Business Entry—94.2 and 88.0

5 Liquidation is the process of assembling and selling the assets of an insolvent debtor to dissolve the company and distribute the proceeds to its creditors. Liquidation may include the piecemeal sale of the debtor's assets or the sale of all or most of the debtor's assets as a going concern. The term *liquidation* refers only to formal in-court insolvency proceedings and does not include the voluntary winding up of a company.

Figure 6. Average Pillar Scores, by Topic



Source: Subnational Business Ready

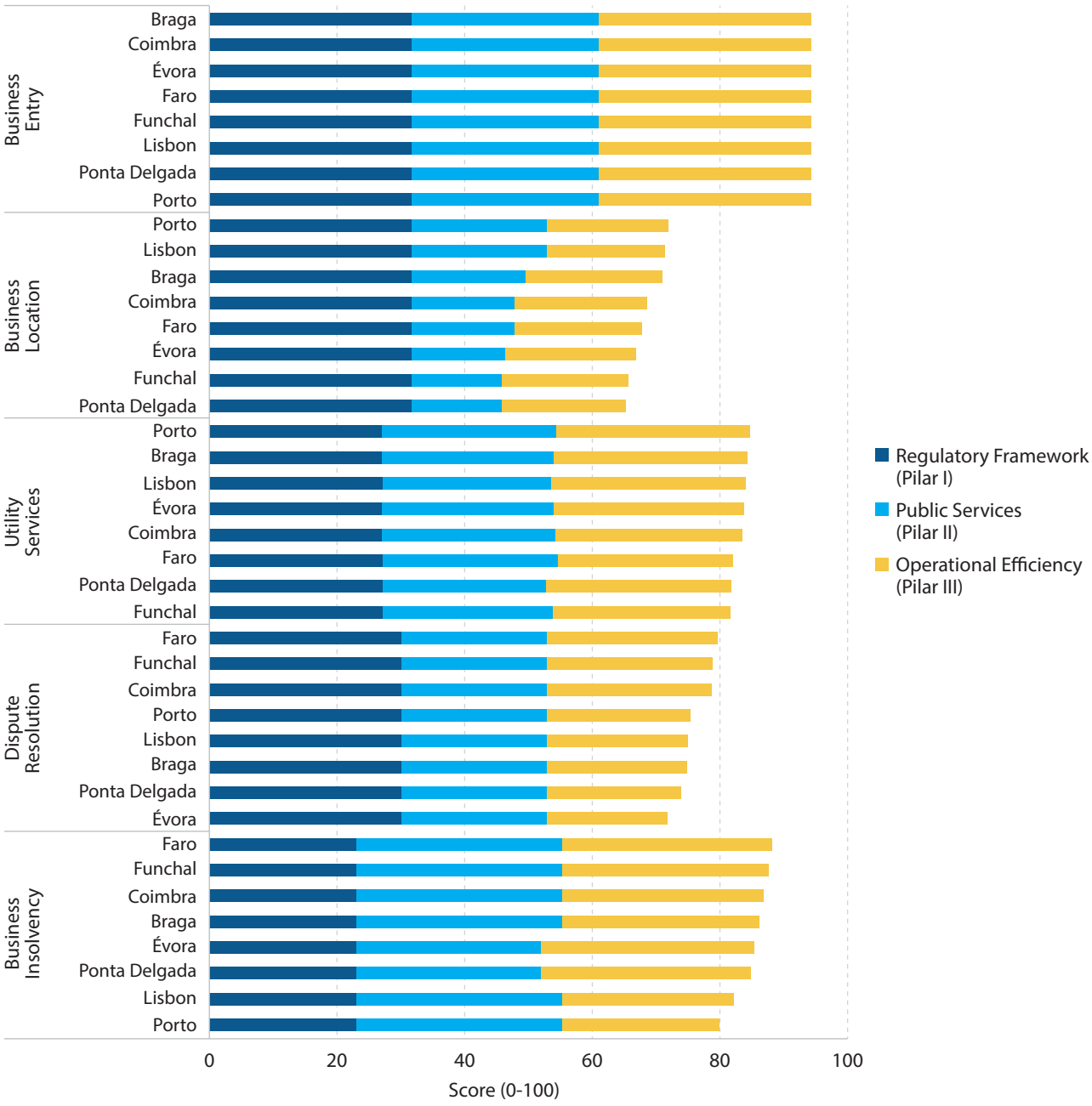
points, respectively. Business Insolvency is the topic in which cities score the highest in Pillar II, yet the aggregate city performance on the Regulatory Framework pillar (Pillar I, 69.1 points) is the weakest among the measured areas due to weaker scores in subareas such as post-commencement standards in liquidation and reorganization, and the availability of specialized insolvency proceedings for micro- and small enterprises. The difference between Pillar II and Pillar I scores is 25.1 points. This result implies a substantial gap between the provision of Public Services and infrastructure and the adoption of good practices in the Regulatory Framework.

The highest average scores in Pillar III are on the Business Entry, Business Insolvency, and Utility Services topics—99.5, 91.9, and 87.8, respectively. This is explained by the comparatively low times and costs required to complete the process of business registration throughout the country and, in the case of most cities, the relatively low times and costs required to resolve liquidation and reorganization proceedings. Regarding Utility Services, the data also show fast connection times to electricity and water services in most cities, as well as a reliable supply of utility services, including internet. Conversely, the lowest Pillar III scores are in Business Location (59.8 points) and Dispute Resolution (69.4 points). In both areas, the average scores in Pillar II and Pillar III significantly lag the scores in Pillar I. This indicates that, while Portugal has adopted good practices in the Regulatory Framework in these two topics, there is notable room for improvement in terms of the quality of Public Services and the efficiency with which these processes are conducted. For example, while the measured Portuguese cities obtain a high number of points in regulations related to property-transfer standards and the land administration system (Pillar I), there is room for improvement on the quality of public services and transparency of information. Various digital Public Services for property transfers are accessible, but no online complaint mechanism at the Cadaster is available, and interoperability between the land registry, cadaster databases, and other agencies is lacking.

The analysis of city scores by pillar shows that, except for the Business Location topic, Pillar III explains most of the variation in city performance (figure 7). As such, there is no city-level variation within the country on Pillar I. The best-performing topic on this pillar is Business Entry (95 points), followed by Business Location (94.8 points) and Dispute Resolution (90 points). In Portugal, as in other EU Member States, the laws and regulations are established at the national, rather than the regional, level. The exception is Ponta Delgada, as the Autonomous Region of the Azores follows its own laws and regulations in building and environmental permits, although in practice these are aligned with the national regulation. However, substantial opportunities for improvement on Pillar I, which entails alignment with best practices, are highlighted by the scores in the areas of Utility Services (average score of 81) and Business Insolvency (average score of 69.1).

Pillar II shows a similar trend, as the provision of Public Services is largely harmonized across the Portuguese cities for all topics except Business Location. All cities obtain the same score in Pillar II in Business Entry (88 points) and Dispute Resolution (68.3 points) and similar scores in Utility Services, ranging from 77.1 to 82.7 points. In contrast, in the Business Location topic, the difference between the

Figure 7. Topic Scores, by City and Pillar



Source: Subnational Business Ready

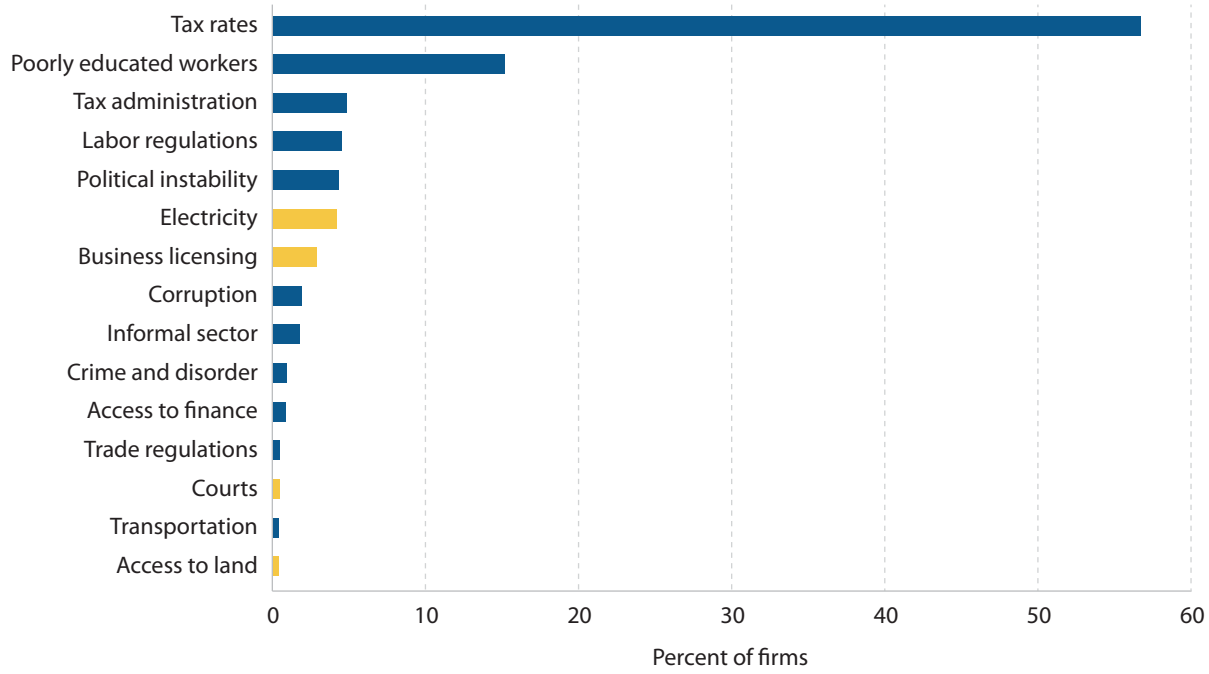
best- and worst-performing city in Pillar II is 20.9 points, varying from 63.5 in Lisbon and Porto to 42.6 in Funchal and Ponta Delgada. This gap is related to differences in the level of digitalization of the building-permitting process, the availability of spatial data platforms, and the availability of an online platform for environmental permits.

The topics with the largest variation on Pillar III are Dispute Resolution, Business Insolvency, and Utility Services. The cities with the lowest score in Operational Efficiency are Évora in Dispute Resolution, Porto in Business Insolvency, and Funchal in Utility Services. In Dispute Resolution, most city variation is explained by differences in firms' perception of the reliability of courts and ADR mechanisms; in Business Insolvency, the high variation is due to differences in the time needed to resolve liquidation proceedings; and in Utility Services, it stems from the reliability of the water and internet supply.

1.2 Findings from the Enterprise Surveys Data

Results from the World Bank Enterprise Surveys[6] implemented in Portugal in 2023 show that the top three business-environment obstacles faced by firms in Portugal are high tax rates, a lack of skilled workers, and tax bureaucracy (figure 8). Among the responses directly related to the areas measured by *Subnational Business Ready*, electricity ranks sixth overall, with 4 percent of firms considering it the biggest obstacle, and business licensing ranks seventh. Meanwhile, access to courts and land rank among the bottom three.

Figure 8. Biggest Business-Environment Obstacles Reported by Firms



Source: World Bank Enterprise Surveys 2023
Note: Respondents were asked to choose the biggest obstacle from a list of 15 obstacles. Yellow bars show responses directly related to the areas studied by *Subnational Business Ready*.

6 For more information, visit the Enterprise Surveys website at https://www.enterprisesurveys.org/

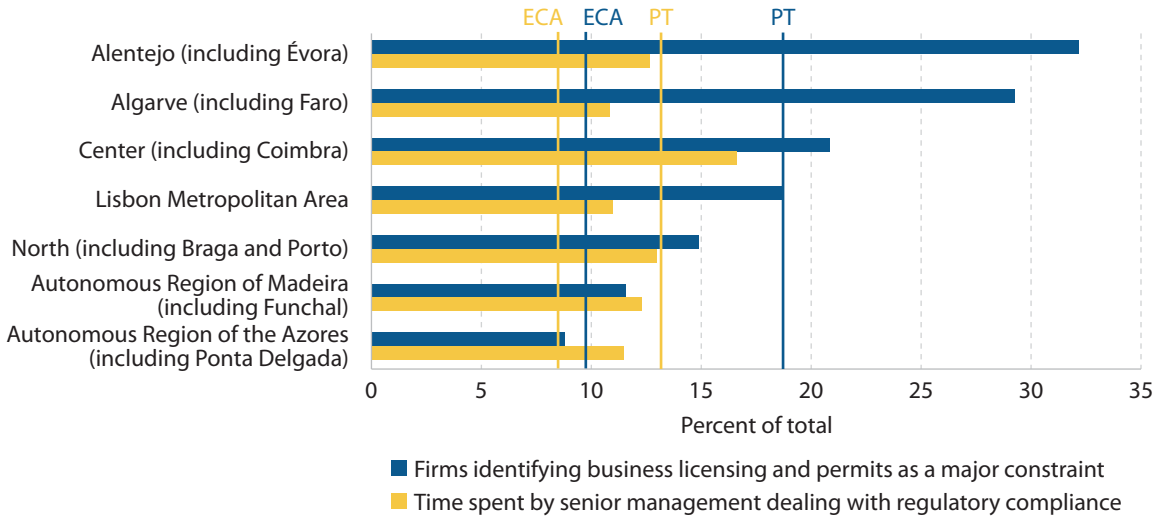
On average, senior managers of companies spend 13.2 percent of their time dealing with regulatory requirements, which is higher than the Europe and Central Asia average of 8.5 percent (figure 9). Among the Portuguese regions,[7] senior management spends a higher percentage of time dealing with regulatory requirements in the Center region, with an average of 16.6 percent, while this estimate is lowest in the Algarve region, at 10.9 percent. Regulatory compliance is less taxing for senior managers in large firms (11.6 percent) than in small (12.9 percent) and medium-size firms (14.9 percent).

Almost 19 percent of firms across Portugal identify business licensing and permits as a major constraint to doing business, which is about twice the percentage in Europe and Central Asia. However, there are notable differences at the regional level, with the highest percentages in Alentejo and the Algarve and the lowest in the Autonomous Regions of the Azores and Madeira. While specific reasons for this regional variation are not explicit, Enterprise Surveys data also show that the construction sector has a larger share of firms identifying business licensing and permits as a major constraint (28.5 percent), compared to the average of all firms (18.7 percent). Similarly, firms with 10 percent or more foreign ownership identify business licensing and permits as a constraint more than domestic firms—46 percent versus 17.5 percent, respectively.

In the area of infrastructure, 31 percent of firms in Portugal identify electricity as a major constraint, more than the Europe and Central Asia average of 25.8 percent (figure 10). Among the regions, the percentage is highest in Alentejo and lowest in the Autonomous Region of Madeira and in the Algarve. Small and medium-size firms tend to identify electricity as a major constraint (32 and 29.5 percent, respectively) more than large firms (18.7 percent). However, firms in Portugal report having a reliable electricity supply, with only 9.8 percent experiencing outages, which is almost three times lower than the Europe and Central Asia average. The share of firms experiencing outages is as low as 6.8 percent in the Lisbon Metropolitan Area, reaching 12.7 percent in the Algarve.

Additionally, 13 percent of firms in Portugal own or share a generator, which is also lower than the Europe and Central Asia average of 17.3 percent. The share of firms owning a generator is higher for large firms (31.2 percent) than for medium (23.2 percent) and small firms (9.8 percent). This percentage is notably higher in the Algarve (21.5 percent) than in other regions. This may be related to a strong presence of the tourism sector in this region, as, according to the Enterprise Surveys data, 41.1 percent of hotel establishments in Portugal own a generator, more than three times the average of all private economic sectors.

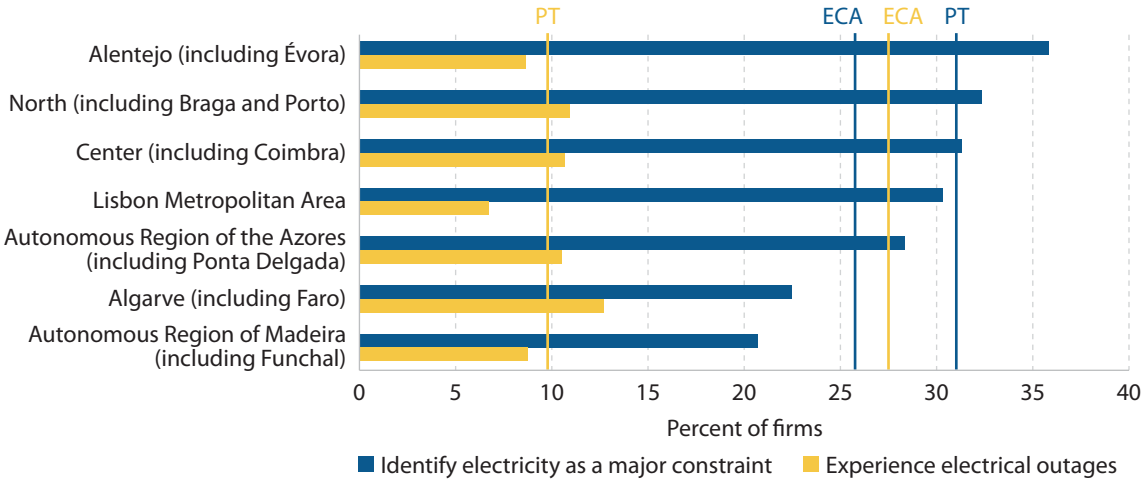
Figure 9. Percentage of Firms That Identify Licensing and Permits as a Constraint and Percentage of Time Spent on Regulatory Compliance, by Region



Source: World Bank Enterprise Surveys 2023
Note: Vertical lines indicate the countrywide and region-wide averages in the measures. PT = Portugal. ECA = Europe and Central Asia.

7 The survey results cover each of the seven NUTS2 regions within Portugal.

Figure 10. Percentage of Firms That Experience Electricity Outages and That Identify Electricity as a Constraint, by Region



Source: World Bank Enterprise Surveys 2023
Note: Vertical lines indicate the countrywide and region-wide averages in the measures. PT = Portugal. ECA = Europe and Central Asia.

1.3 Business Entry[8]

The process of business entry is harmonized across the eight cities assessed in Portugal. The Regulatory Framework follows international good practices that facilitate the start of operations of new businesses.[9] These practices include requirements to register complete information on new companies, the availability of simplified registration processes, and a risk-based approach for business licensing. In 2017, Portugal also adopted legislation that mandated the registration of beneficial ownership information[10] of newly established businesses with the Central Registry of Beneficial Owners.[11] Similarly, in the area of restrictions for business entry, Portugal follows international good practices. However, national regulation still maintains a paid-in minimum capital requirement to open a new limited liability company, applicable to both domestic and foreign investors.

Portugal has also adopted good practices related to digital Public Services to support and streamline the business creation process. These include the availability of electronic services for verifying company names and registering companies. The database of the National Registry of Legal Entities (RNPC) is digitized and covers all types of companies around the country. The RNPC also exchanges data with the tax authority and Social Security on newly created companies and on changes to their information. New companies are assigned a unique registration number (*número de identificação de pessoa coletiva*, NIPC) which is used by other relevant agencies to identify the company. Electronic signature and authentication options for business registration are available, as well as an automated process to verify the identity of entrepreneurs and beneficial owners.

Official websites offer details on the documents necessary to establish a new business, the associated fees, and service standards. Information on public programs supporting small and medium-sized enterprises is also accessible online. However, information on environmental permit requirements for low-risk businesses and programs aiding small and medium-sized enterprises led by women is not readily available. Electronic search of company records is available, although the information on beneficial ownership and annual financial accounts is available on separate databases. Statistics on newly registered companies are also published online, but they do not include data on the number of companies established by female entrepreneurs.

Entrepreneurs in Portugal can register their company using two main methods: *Empresa na hora* and *Empresa Online*. The first method offers the possibility of registering a company on the spot by visiting the *Empresa na hora* counters throughout the country, at the Business Spots (*Espaços Empresa*), or at the local commercial registry offices. The second method, *Empresa Online*, requires submitting an application through the web portal and can be completed in five days when using standard articles of association.

8 See section 2, "Business Entry in Detail," for more information on the topic, the country-specific context, and a detailed assessment of the data.
9 Relevant regulation for business entry includes Decree-Law No. 262/86—Companies Code; Decree-Law No. 403/86—Commercial Registry Code; and Ordinance No. 657-A/2006—Commercial Registry Regulation.
10 A beneficial owner is considered as the natural person who ultimately owns or controls a company, even if the title to the property is under another name (that is, the ownership or control is exercised through a chain of ownership or by means of control other than direct shareholding).
11 Law No. 89/2017 on the Central Beneficial Ownership Registry.

Businesses can choose a method depending on their needs and preferences. Using *Empresa na hora*, entrepreneurs can complete the necessary steps to open a new limited liability company in as fast as 4.5 days in all eight cities assessed. The process is also streamlined, thanks to the option of choosing a company name from the list of preapproved company names. In addition to registering with the RNPC, other steps to open a new limited liability company include beneficial ownership registration, opening a bank account, VAT registration, and notification of the start of activity. Companies also need to register the admission of employees with Social Security and register the employees for accident insurance. In 2023, changes to the regulation removed the requirement for employers to register with the Labor Compensation Fund and suspended registration with the Guarantee Fund for Work Compensation. Costs associated with the business entry process are harmonized across the eight cities assessed and amount to EUR 360 (through *Empresa na hora*), which is equivalent to 1.8 percent of income per capita.[12]

Table 2 provides a detailed overview—by pillar, category, and subcategory—of the eight Portuguese cities' performance on the Business Entry topic. The column with the rescaled points indicates the total maximum points a city can get on each of the measured areas. For example, under Pillar I (Quality of Regulations for Business Entry), category 1.2 (Restrictions on Registering a Business), subcategory 1.2.1 (Domestic Firms), cities received 22.5 points (out of a possible 25 points) due to the existence of a paid-in minimum capital requirement to open a new limited liability company. Conversely, all cities receive the maximum number of points on some of the other subcategories, such as Company Information Filing Requirements (15 out of 15) and Risk-based Assessment for Operating Business and Environmental Licenses[13] (10 out of 10).

Table 2. Business Entry Scores

		No. of indicators	Re-scaled points	Braga	Coimbra	Évora	Faro	Funchal	Lisbon	Ponta Delgada	Porto
Pillar I – Quality of Regulations for Business Entry											
1.1	**Information and Procedural Standards**	**18**	**50**	**50.0**	**50.0**	**50.0**	**50.0**	**50.0**	**50.0**	**50.0**	**50.0**
1.1.1	Company Information Filing Requirements	7	15	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
1.1.2	Beneficial Ownership Filing Requirements	6	15	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
1.1.3	Availability of Simplified Registration	3	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
1.1.4	Risk-based Assessment for Operating Business and Environmental licenses	2	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
1.2	**Restrictions on Registering a Business**	**19**	**50**	**45.0**	**45.0**	**45.0**	**45.0**	**45.0**	**45.0**	**45.0**	**45.0**
1.2.1	Domestic Firms	9	25	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5
1.2.2	Foreign Firms	10	25	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5
	Total	**37**	**100**	**95.0**	**95.0**	**95.0**	**95.0**	**95.0**	**95.0**	**95.0**	**95.0**
Pillar II – Digital Public Services and Transparency of Information for Business Entry											
2.1	**Digital Services**	**11**	**40**	**40.0**	**40.0**	**40.0**	**40.0**	**40.0**	**40.0**	**40.0**	**40.0**
2.1.1	Business Start-Up Process	6	20	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
2.1.2	Storage of Company and Beneficial Ownership Information	3	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
2.1.3	Identity Verification	2	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0

12 Portugal's 2021 gross national income (GNI) per capita is EUR 20,199.
13 A risk-based approach for business and environmental licensing prioritizes resources and oversight based on the level of risk associated with specific business activities or sectors.

Table 2. Business Entry Scores

		No. of indicators	Re-scaled points	Braga	Coimbra	Évora	Faro	Funchal	Lisbon	Ponta Delgada	Porto
2.2	**Interoperability of Services**	**4**	**20**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**
2.2.1	Exchange of Company Information	2	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
2.2.2	Unique Business Identification	2	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
2.3	**Transparency of Online Information**	**9**	**40**	**28.0**	**28.0**	**28.0**	**28.0**	**28.0**	**28.0**	**28.0**	**28.0**
2.3.1	Business Start-Up (includes gender and environment)	5	20	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
2.3.2	Availability of General Company Information	2	10	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
2.3.3	General and Sex-Disaggregated Statistics on Newly Registered Firms	2	10	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
	Total	**24**	**100**	**88.0**	**88.0**	**88.0**	**88.0**	**88.0**	**88.0**	**88.0**	**88.0**
Pillar III – Operational Efficiency of Business Entry											
3.1	**Domestic Firms**	**2**	**100**	**99.5**	**99.5**	**99.5**	**99.5**	**99.5**	**99.5**	**99.5**	**99.5**
3.1.1	Total Time to Register a New Domestic Firm	1	50	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
3.1.2	Total Cost to Register a New Domestic Firm	1	50	49.5	49.5	49.5	49.5	49.5	49.5	49.5	49.5
	Total	**2**	**100**	**99.5**	**99.5**	**99.5**	**99.5**	**99.5**	**99.5**	**99.5**	**99.5**

Source: Subnational Business Ready
Note: The reported individual scores were rounded off; therefore, the sum of individual scores may not add up to the totals.

1.4 Business Location

Building Permitting[14]

Portugal's regulatory framework for urban planning aligns with international best practices, and results are uniform throughout the country.[15] National authorities set technical building regulations, allowing local authorities to adjust national building regulations to local considerations within the limits provided in the national legal framework. The Autonomous Regions of the Azores and Madeira may adapt the national regulations to their regions.

In Portugal, regulations exist for construction materials that pose health risks and clear safety standards. Certified engineers or architects, either from public agencies or private entities, are legally responsible for ensuring compliance with building regulations, with mandatory risk-based or phased structural safety inspections during construction and final inspections to verify compliance. Liability for structural flaws is defined by law. Professionals in charge of supervising construction are required to have a university degree (architect or engineer), have a minimum number of years of practical experience, and be registered with the professional association, but passing a certification exam is not required.

The Regulatory Framework also emphasizes environmental sustainability through building energy codes and incentives to promote green building practices. Land use and zoning regulations in Portugal are comprehensive, including requirements for trunk infrastructure services, such as water, electricity, and sanitation. Maps identifying areas allocated for various uses, such as residential, commercial, agricultural, and public/institutional purposes, are required, as are hazard maps that outline zones where building is prohibited due to natural hazards or resource considerations. Additionally, building standards include mechanisms for disputing decisions regarding building permits, ensuring accountability and transparency in the permitting process.

Public Services for building permits in Portugal are increasingly digitalized, although service levels differ notably across cities. Lisbon and Porto lead in offering comprehensive electronic permitting platforms that allow developers to submit applications, make payments, and track the status of their permits online. These platforms enhance efficiency and accessibility, reducing the need for in-person visits and streamlining the permitting process. Other cities, such as Braga, Coimbra, and Ponta Delgada, offer some digital services, such as the online submission of applications, but still require improvements to digitalize the permitting process fully. In contrast, electronic permitting systems in cities such as Évora, Faro, and Funchal are either nonexistent or rudimentary, necessitating paper, email, or USB flash drive/CD ROM submissions.

Transparency of information is another critical aspect. Cities such as Braga, Coimbra, Faro, Lisbon, and Porto excel in providing public access to planning and building

14 See section 3.1, "Building Location in Detail—Building Permitting," for more information on the topic, the country-specific context, and a detailed assessment of the data.
15 The national legal framework for building permitting includes the Legal Regime for Urbanization and Building (RJUE); the General Regulation of Urban Buildings (RGEU); the Legal Regime of Territorial Management Instruments (RJIGT); and the Land Law, among others.

control regulations, updated city master plans, fee schedules, and online statistics tracking the number of building permits issued. However, there is room for improvement, particularly in making comprehensive lists of preapprovals required from utilities and other specialized agencies available online. The interoperability of services varies; cities such as Braga, Lisbon, and Porto offer more information from advanced spatial data platforms than others.

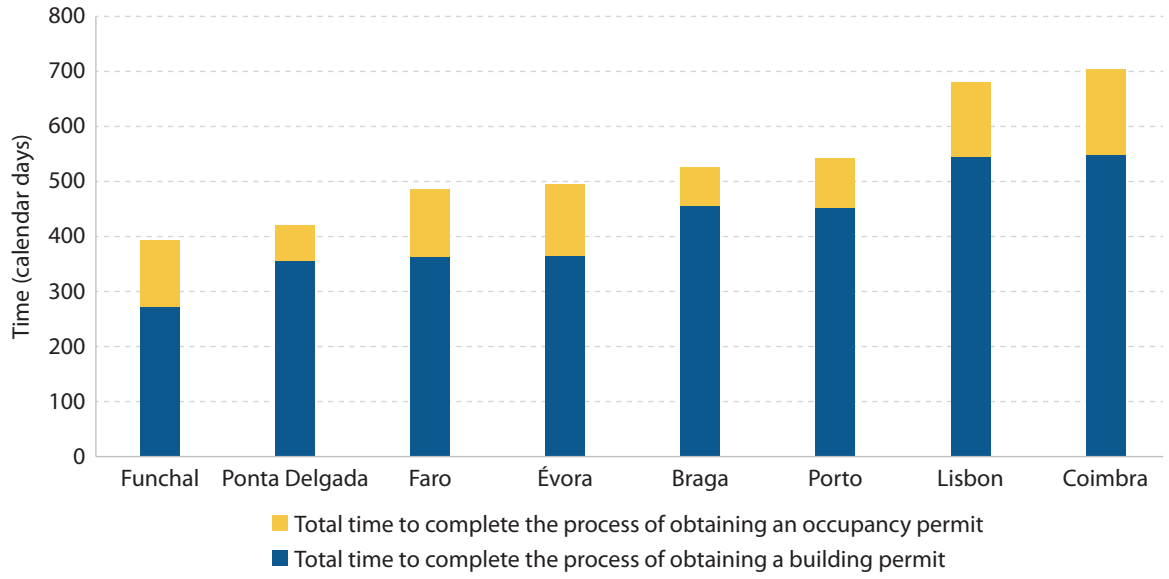
The efficiency of the building-permitting process in Portugal varies significantly among cities. Funchal has the fastest process, taking approximately nine months to obtain a building permit, while the process in Coimbra and Lisbon can take up to a year and a half. The cost of obtaining a building permit also varies widely. Ponta Delgada is the least expensive, and Lisbon is the most expensive. Differences in cost stem primarily from municipal urban planning fees and building permit fees. For example, the urban planning fee can range from EUR 10,229 in Ponta Delgada to EUR 139,320 in Lisbon, reflecting the variation in how municipalities set these fees. Additionally, the time required to obtain an occupancy permit varies, taking about 65 days in Ponta Delgada and over 155 days in Coimbra (figure 11).

Recent regulatory reforms under the SIMPLEX 2024 Initiative have introduced measures to streamline the permitting process, such as fixed timescales for project approvals, tacit approval for building permits, and the elimination of the building permit title, replaced by a payment receipt. These reforms aim to reduce the time and complexity involved in the permitting process.

Environmental Permitting[16]

Regulatory standards related to environmental clearances for construction in Portugal are harmonized across the eight assessed cities, and the country performs generally on par with international good practices.[17] National environmental regulations include specific standards for pollution and waste management and are regularly updated to incorporate recent environmental and technological advancements in the construction sector. Penalties or fines are imposed for noncompliance with the regulations. The framework mandates environmental impact assessments (EIAs) for projects likely to have significant environmental

Figure 11. Time to Obtain a New Building and Occupancy Permit, by City and Type



Source: Subnational Business Ready

16 See section 3.2, "Building Location in Detail—Environmental Permitting," for more information on the topic, the country-specific context, and a detailed assessment of the data.
17 Relevant regulation includes the Decree-Law No. 11/2023, of February 10, on the simplification of environmental permitting.

impacts, with specific criteria for when an EIA is required. These regulations stipulate public consultations, allowing stakeholders to participate in the decision-making process. However, the regulations neither specify the type of qualified professionals that must conduct an EIA nor mandate independent external reviews for EIA compliance. Additionally, not all activities and approaches that facilitate involvement of interested parties to the EIA decision-making processes (such as surveys and polls to capture inputs and feedback from concerned stakeholders, training, resources, and technical assistance to project-affected parties) are covered in the legal framework.

Environmental permitting in continental Portugal is supported by the Integrated Environmental Permitting System (SILiAmb), managed by the Portuguese Environment Agency (APA). This system enables comprehensive online services, including submissions, payments, and notifications. However, the Autonomous Regions of Madeira and the Azores do not have similar electronic platforms; they rely instead on in-person or email submissions, resulting in a lower overall score on digital Public Services. Transparency of information related to environmental permitting in construction is on par with international good practices and consistent throughout Portugal.

The efficiency of environmental permitting in Portugal varies. Ponta Delgada offers the fastest process, approximately 24 days, while in continental Portugal and the Autonomous Region of Madeira, the entire process typically takes about 35 days. No cost is associated with the benchmarked EIA clearance process in Portugal.

Property Transfer[18]

The regulatory framework[19] for property transfer in Portugal is harmonized across the country and aligned with international good practices in terms of property-transfer standards, access to information on property rights and cadastral maps, and the existence of a cadastral agency. A legal reform in 2023 introduced comprehensive changes in the cadaster that have improved the interoperability of services, promoted decentralization, and simplified the registration procedures. The legal standing of electronic documents was also strengthened through legislation adopted in 2021 that equalized the validity of electronic documents in relation to paper documents in property transactions. The law in Portugal mandates verifying the legality of documents used in property transactions, confirming the identities of involved parties, and completing property registration at the Land Registry.[20] Similarly, legal provisions enable alternative land dispute resolution mechanisms between private parties, such as arbitration, mediation, and conciliation. The security of rights is strengthened, as registered property rights are subject to a guarantee, and the country has no restrictions on leasing or owning property, both for domestic and foreign firms. However, there is no established out-of-court compensation mechanism for land registry errors.

Although various digital Public Services for property transfers are accessible, such as electronic platforms for property transfers, due diligence, and encumbrance checks, there is no complaint mechanism at the Cadaster available online, while the complaint mechanism for the Land Registry does not publicize its responses. Similarly, while all properties are registered in the measured cities, full coverage remains to be fully achieved at the national level. This is also the case for the cadastral coverage. Despite recent reforms taking steps to connect key databases, achieving full interoperability of services between the Land Registry, the Cadaster, and other agencies is yet another area where there is still room for improvement. Regarding transparency of information, the list of requirements for property transfers and fee schedules, and statistics on the number and types of property-related transactions are published online. However, service standards at the Land Registry or Cadaster are not publicly available. Additionally, neither statistics on land disputes and the time to solve them nor sex-disaggregated data on property ownership are published.

18 See section 3.3, "Building Location in Detail—Property Transfer," for more information on the topic, the country-specific context, and a detailed assessment of the data.
19 Relevant regulations for property transfer include, among others, the Land Registry Code (*Código do Registo Predial*), Decree-Law No. 224/84, of July 6, https://www.pgdlisboa.pt/leis/lei_mostra_articulado.php?nid=488&tabela=leis; the Civil Code (*Código Civil*), Decree-Law No. 47344/66, of November 25, https://www.pgdlisboa.pt/leis/lei_mostra_articulado.php?nid=775&tabela=leis; the Notarial Code (*Código do Notariado*), Decree-Law No. 207/95, of August 14, https://www.pgdlisboa.pt/leis/lei_mostra_articulado.php?nid=457&tabela=leis; the new cadastre regime (*Novo regime jurídico do cadastro predial*), Decree-Law No. 72/2023, of August 23, https://diariodarepublica.pt/dr/detalhe/decreto-lei/72-2023-220219335; and the Administrative Procedure Code (*Código do Procedimento Administrativo*), Decree-Law No. 4/2015, of January 7, https://www.pgdlisboa.pt/leis/lei_mostra_articulado.php?nid=2248&tabela=leis.
20 The Land Registry is an official public inventory that documents and maintains information on land ownership through recording titles (rights on land) or deeds (documents concerning changes in the legal situation of land).

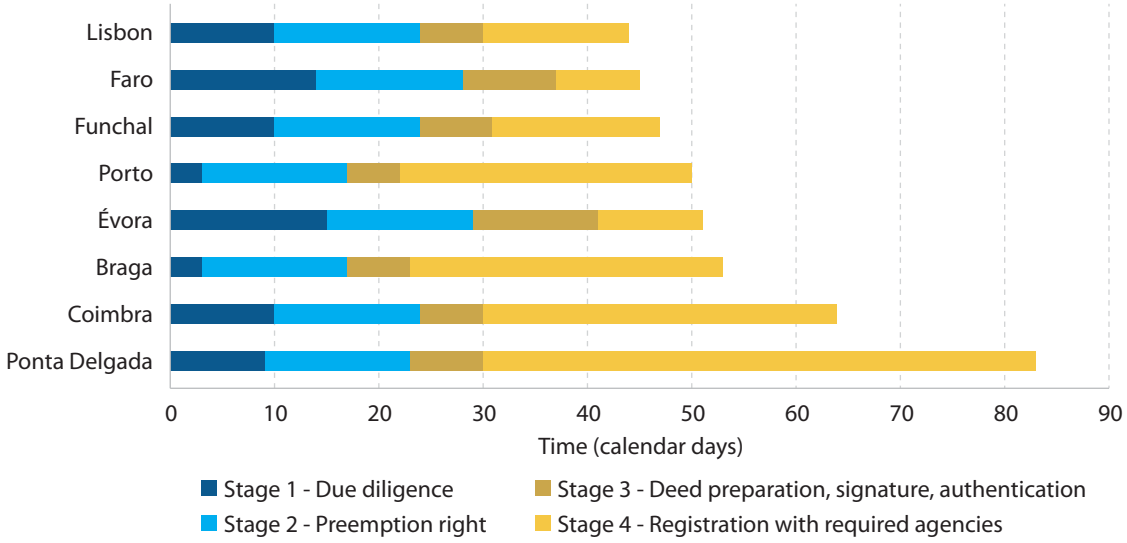
The process of completing a property transfer is similar throughout the country with the exception of Ponta Delgada, where an additional inspection by a licensed engineer is required to confirm that the property is free of termites. The parties have several options for the process. They can use a notary to conduct the due diligence, draft and authenticate the deed, and submit the registration request, or they can use *Casa Pronta*, which is a one-stop shop providing all these services. However, *Casa Pronta*'s usage has remained low and on a continuous downward trend since 2010. Another available option is to conclude a private deed authenticated by a lawyer, rather than a deed from a public notary.

The time it takes Portugal's cities to transfer a property spans from 44 days in Lisbon to 83 days in Ponta Delgada (figure 12). The time it takes to complete the final step of registering the sale deed at the land registry is the major driver of variation between the cities. Requests for registration can be submitted online or in person across the country. To stimulate uptake, electronic submissions cost EUR 225, slightly cheaper than the EUR 250 fee for in-person filings. When the registration request is submitted online, the file is directed to any Registry Office in the country, following an algorithm that considers the offices' current workload. However, when the request is submitted in person, the process is handled by the local Registry Office, which may lead to delays. Experts from Ponta Delgada reported a significant slowdown at the local Land Registry in the last year.

The cost of property transfers in Portugal is 7.4 percent of the property value across all eight cities (EUR 150,472 in Ponta Delgada and EUR 150,357 in the other seven cities).[21] The bulk of this cost consists of the transfer tax and the stamp duty (6.5 and 0.8 percent of the property value, respectively). In addition, entrepreneurs spend, on average, about EUR 1,875 for lawyers' fees and EUR 750 for notary fees, as well as the previously mentioned registration fee, which varies between EUR 225 for online submission and EUR 250 for in-person submission. The minor variation in cost in Ponta Delgada is due to an additional EUR 115 that entrepreneurs spend to comply with the requirement to obtain a noninfestation certificate from a licensed inspector.

World Bank Enterprise Surveys data show that 21 percent of Portuguese firms reported access to land as an obstacle (map 2). However, there is a wide variation between regions. In the Algarve (including Faro) and the Autonomous Region of Madeira (including Funchal), 29 and 33 percent of firms report access to land as an obstacle, respectively, while in all other regions the shares are closer to the countrywide average.

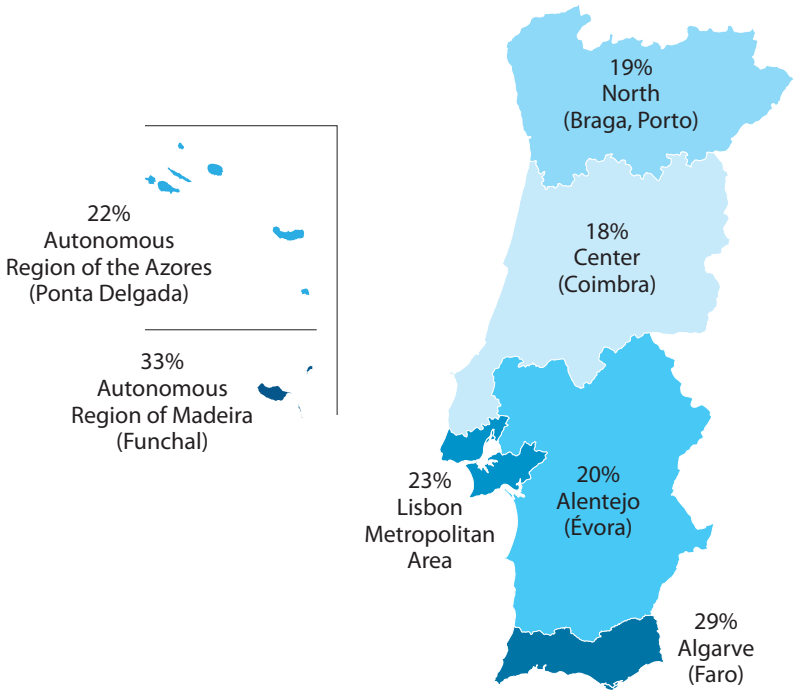
Figure 12. Time to Register a Property Transfer, by City and Stage



Source: Subnational Business Ready

21 For a property value of EUR 2,019,886, equal to 100 times the 2021 GNI per capita. Portugal's 2021 GNI per capita is EUR 20,199.

Map 2. Share of Firms That Report Access to Land as an Obstacle, by Region



Source: World Bank Enterprise Surveys 2023

Table 3 provides a detailed overview—by pillar, category, and subcategory—of the eight Portuguese cities' performance on the Business Location topic. The topic includes three subtopics: property transfer, building permits, and environmental permits, detailed below. The column with the rescaled points indicates the total maximum points a city can get on each of the measured areas. For example, under Pillar I (Quality of Regulations for Business Location), category 1.1 (Property Transfer and Land Administration), subcategory 1.1.2 (Land Dispute Mechanism), none of the cities receives the total possible maximum number of 15 points. Conversely, on subcategories 1.1.1 (Property Transfer Standards), and 1.1.3 (Land Administration System), all cities receive the maximum number of points—15 out of 15 and 10 out of 10, respectively. Most cross-city variability is observed under Pillar II.

Table 3. Business Location Scores

		No. of indicators	Re-scaled points	Braga	Coimbra	Évora	Faro	Funchal	Lisbon	Ponta Delgada	Porto
Pillar I – Quality of Regulations for Business Location											
1.1	**Property Transfer and Land Administration**	**11**	**40**	**36.3**	**36.3**	**36.3**	**36.3**	**36.3**	**36.3**	**36.3**	**36.3**
1.1.1	Property Transfer Standards	4	15	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
1.1.2	Land Dispute Mechanism	4	15	11.3	11.3	11.3	11.3	11.3	11.3	11.3	11.3
1.1.3	Land Administration System	3	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
1.2	**Building, Zoning and Land Use**	**20**	**40**	**39.6**	**39.6**	**39.6**	**39.6**	**39.6**	**39.6**	**39.6**	**39.6**
1.2.1	Building Standards	11	15	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6
1.2.2	Building Energy Standards	4	15	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
1.2.3	Zoning and Land Use Regulations	5	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
1.3	**Restrictions on Owning and Leasing Property**	**19**	**10**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**
1.3.1	Domestic firms—Ownership	4	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
1.3.2	Domestic firms—Leasehold	5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
1.3.3	Foreign firms—Ownership	5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
1.3.4	Foreign firms—Leasehold	5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
1.4	**Environmental Permits**	**12**	**10**	**9.0**	**9.0**	**9.0**	**9.0**	**9.0**	**9.0**	**9.0**	**9.0**
1.4.1	Environmental Permits for Construction	10	5	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
1.4.2	Dispute Mechanisms for Construction-Related Environmental Permits	2	5	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
	Total	**62**	**100**	**94.8**	**94.8**	**94.8**	**94.8**	**94.8**	**94.8**	**94.8**	**94.8**
Pillar II – Quality of Public Services and Transparency of Information for Business Location											
2.1	**Availability and Reliability of Digital Services**	**21**	**40**	**17.7**	**17.7**	**17.7**	**17.7**	**13.7**	**22.7**	**13.7**	**22.7**
2.1.1	Property Transfer—Digital Public Services	6	8	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3
2.1.2	Property Transfer—Digital Land Management and Identification System	5	8	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4
2.1.3	Property Transfer—Coverage of the Land Registry and Mapping Agency	4	8	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
2.1.4	Building Permits—Digital Public Services	4	8	0.0	0.0	0.0	0.0	0.0	5.0	0.0	5.0
2.1.5	Environmental Permits—Digital Public Services	2	8	4.0	4.0	4.0	4.0	0.0	4.0	0.0	4.0
2.2	**Interoperability of Services**	**6**	**20**	**7.5**	**2.5**	**0.0**	**2.5**	**2.5**	**12.5**	**2.5**	**12.5**
2.2.1	Interoperability of Services for Property Transfer	4	10	2.5	2.5	0.0	2.5	2.5	2.5	2.5	2.5
2.2.2	Interoperability of Services for Building Permits	2	10	5.0	0.0	0.0	0.0	0.0	10.0	0.0	10.0
2.3	**Transparency of Information**	**19**	**40**	**28.3**	**28.3**	**26.4**	**28.3**	**26.4**	**28.3**	**26.4**	**28.3**
2.3.1	Immovable Property (includes gender)	9	20	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9
2.3.2	Building, Zoning and Land Use	8	15	14.4	14.4	12.5	14.4	12.5	14.4	12.5	14.4
2.3.3	Environmental Permits	2	5	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
	Total	**46**	**100**	**53.5**	**48.5**	**44.1**	**48.5**	**42.6**	**63.5**	**42.6**	**63.5**

Table 3. Business Location Scores

		No. of indicators	Re-scaled points	Braga	Coimbra	Évora	Faro	Funchal	Lisbon	Ponta Delgada	Porto
Pillar III – Operational Efficiency of Establishing a Business Location											
3.1	**Property Transfer and Land Administration**	**3**	**40**	**24.7**	**23.3**	**24.4**	**20.5**	**17.9**	**24.0**	**18.3**	**25.1**
3.1.1	Major Constraints on Access to Land	1	13.3	11.1	11.3	10.5	6.0	3.5	9.3	9.7	11.1
3.1.2	Time to Obtain a Property Transfer	1	13.3	10.7	9.1	10.9	11.6	11.5	11.7	5.6	11.1
3.1.3	Cost to Obtain a Property Transfer	1	13.3	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
3.2	**Construction Permits**	**2**	**40**	**19.6**	**18.8**	**17.2**	**19.2**	**21.6**	**11.6**	**19.8**	**12.2**
3.2.1	Time to Obtain a Building Permit	1	20	0.0	0.0	0.0	0.0	1.8	0.0	0.0	0.0
3.2.2	Cost to Obtain a Building Permit	1	20	19.6	18.8	17.2	19.2	19.8	11.6	19.8	12.2
3.3	**Environmental Permits**	**2**	**20**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**
3.3.1	Time to Obtain an Environmental Permit	1	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
3.3.2	Cost to Obtain an Environmental Permit	1	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
	Total	**7**	**100**	**64.3**	**62.1**	**61.6**	**59.7**	**59.5**	**55.6**	**58.1**	**57.3**

Source: Subnational Business Ready
Note: As the reported individual scores were rounded off, the sum of individual scores may not add up to the totals.

1.5 Utility Services

Electricity[22]

Portugal's Regulatory Framework for electricity services is consistent across the country.[23] The Energy Services Regulatory Authority (ERSE) oversees the monitoring and approval of electricity tariffs and the quality of electricity services based on performance standards. Regulations mandate professional certifications for personnel performing electrical installations, with legal requirements for inspection regimes of both internal and external installations. Environmental standards for electricity generation, transmission, and distribution are legally mandated, and businesses are encouraged to switch to energy-efficient practices through financial incentives, although nonfinancial incentives are lacking. Joint planning and construction among utility providers, including provisions for common excavation permits and "dig once" policies, are emphasized to streamline infrastructure development. Overall, the Regulatory Framework ensures a high level of safety, reliability, and environmental responsibility in the provision of electricity services.

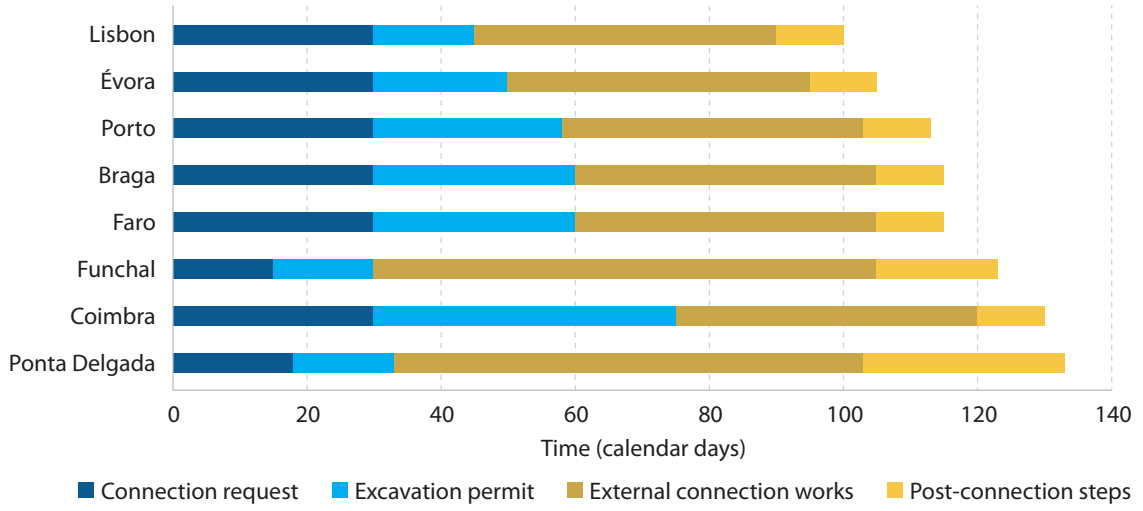
Public Services and transparency in electricity utility services vary across Portugal. Most cities offer online platforms for submitting applications and making payments, although the availability of tracking features and stipulated time standards for new connections is inconsistent. For instance, utilities in Ponta Delgada lack tracking features, while stipulated time standards for connections are not published in Funchal and Ponta Delgada. Transparency of utility services could further improve through the publication of key performance indicators, such as sex-disaggregated data on customer satisfaction and complaints. Interoperability between different utility providers is facilitated through shared databases for network lines and an online system for managing excavation permits. Complaint mechanisms are well established, providing clear guidance for customers to resolve issues both within the utility and independently. Despite these advancements, there is room for improvement in making key performance indicators on the environmental sustainability of the electricity supply more widely available.

The efficiency of obtaining electricity connections in Portugal varies significantly across cities, affecting both time and cost. Lisbon offers the fastest connection time, 100 days, while Ponta Delgada takes up to 133 days (figure 13). Costs also vary mainly due to the type of voltage needed for a 180 kVA connection. Low-voltage connections are widely used in continental Portugal (Braga, Coimbra, Évora, Faro, Lisbon, and Porto), averaging EUR 4,816. Medium-voltage connections are the most common in Funchal and Ponta Delgada, averaging EUR 45,908 due to the need for

22 See section 4.1, "Utility Services in Detail—Electricity," for more information on the topic, the country-specific context, and a detailed assessment of the data.

23 Relevant regulation for electricity services includes Decree-Law No. 15/2022, of January 14, regulating the organization and operation of the National Electricity System; Regulation No. 826/2023, of July 28, on the quality of service in the electricity and gas sectors; Regulation No. 827/2023, of July 28, on commercial relations in the electricity and gas sectors; Law No. 14/2015, of February 16, on the requirements for entities and professionals responsible for electrical installations; and Decree-Law No. 96/2017, of August 10, stipulating regulations on private service electrical installations.

Figure 13. Time to Obtain a New Electricity Connection, by City and Stage

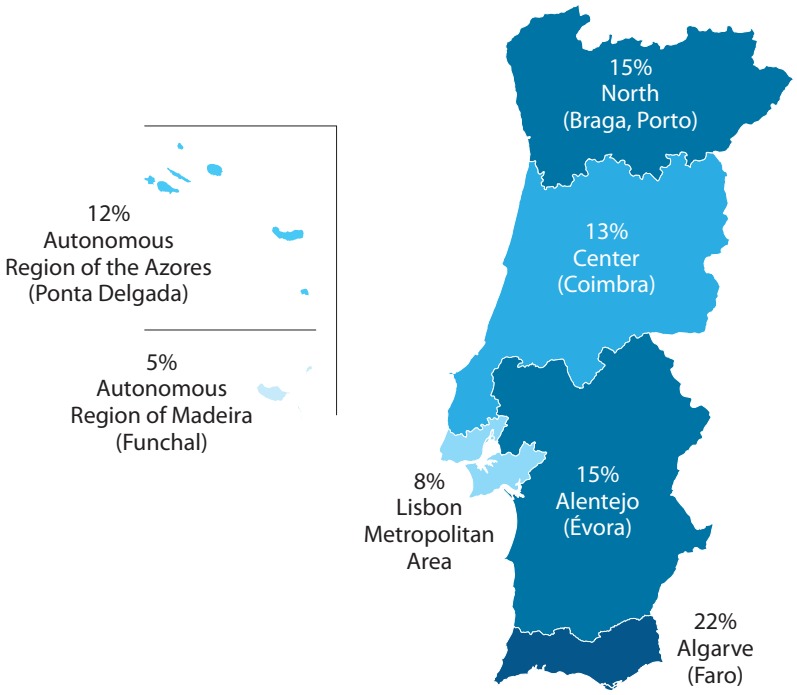


Source: Subnational Business Ready

transformer installations on the islands. The process involves multiple steps, including obtaining excavation permits, conducting inspections, and finalizing supply contracts. Digital platforms and georeferencing systems have streamlined many of these processes, reducing the need for on-site inspections and expediting application reviews.

The reliability of the electricity supply also varies. Entrepreneurs in Portugal experience an average of 1.01 interruptions per year, each lasting nearly 1.17 hours. There are notable differences among cities. Funchal had the least frequent interruptions (0.32), lasting 31 minutes, half as long as in the rest of the cities measured. In contrast, cus-

Map 3. Share of Firms That Own or Share a Generator, by Region



Source: World Bank Enterprise Surveys 2023

tomers in Braga experienced the longest average outages, nearly two hours, and customers in Ponta Delgada experienced the highest average number of annual service interruptions (2.78). World Bank Enterprise Surveys data show that the percentage of firms owning generators ranges from 5 percent in the Autonomous Region of Madeira (including Funchal) to 22 percent in the Algarve (including Faro) and 15 percent in both the North (including Braga and Porto) and Alentejo (including Évora) (map 3). The geographical pattern of generator ownership roughly follows the unreliability of the electricity supply.

Water[24]

ERSAR is the national regulatory agency for water supply and sanitation in Portugal. It is responsible for overseeing water supply, wastewater management, and solid waste management. In the Azores, the Water and Waste Services Regulation Authority (ERSARA) regulates the quality of services provided by operators of water and waste services. The regulatory framework [25] in Portugal provides financial deterrence mechanisms to limit interruptions to the water supply and mandates requirements for joint planning and construction, such as "dig once" policies. However, there are gaps in the qualification requirements for professionals performing water installations and a lack of incentives for firms to adopt water-saving practices.

Regulated inspection regimes for water installations ensure safety and reliability, while liability regimes provide accountability for water connections. Environmental regulations mandate sustainable practices in wastewater management, but not water use, and there are no specific incentives for businesses to adopt water-efficient appliances or adhere to water-saving targets. The Regulatory Framework also lacks uniform monitoring of tariffs, as the regulator plays a consultative role in water tariff setting but does not approve them. Water tariffs are set by individual utilities, rather than a central regulator, leading to variability in costs and standards across different regions.

Public Services and transparency in water utility services vary across Portugal. Most cities offer online platforms for submitting applications for new water connections, although usage and availability differ. For example, Lisbon is developing an online platform, while in Funchal, an existing e-portal is underutilized. Utilities in some cities conduct on-site inspections to determine the feasibility of connection, while others use the Geographic Information System (GIS) for remote assessments. The integration of digital services and the publication of key performance indicators for water quality, reliability, and environmental sustainability enhance transparency and accountability.

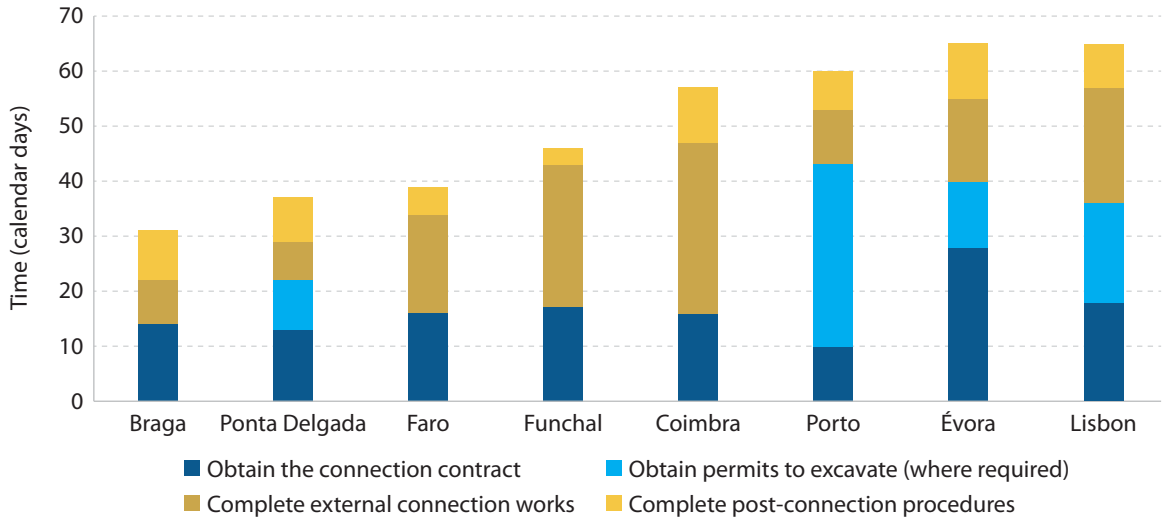
The availability of electronic payments for connection fees and monthly tariffs is widespread, although electronic tracking of application status is available in only a few cities, such as Coimbra and Porto. Transparency regarding service outages, connection requirements, and complaint mechanisms is generally high, with most utilities providing online information. However, improved transparency regarding stipulated standards for connection times and tariff-setting processes is needed to ensure consistency and predictability across all regions.

The efficiency of obtaining water connections in Portugal varies significantly across cities, affecting both time and cost. The process can take from one to two months, with the fastest times in Braga (31 days) and the slowest in Évora and Lisbon (65 days) (figure 14). The cost of obtaining a water connection also varies widely, from no cost in Coimbra to up to EUR 1,500 in Évora. Factors influencing these differences include the requirement for municipal excavation permits in some cities, which can add over a month to the process, and how efficiently local utilities complete the connection work.

According to data from World Bank Enterprise Surveys, the reliability of the water supply also varies, with most regions experiencing minimal water insufficiencies. However, 14 percent of businesses in the Algarve and the Autonomous Region of Madeira reported issues with water supply (map 4). Improvements in digital services, such as electronic application tracking and streamlined processes for obtaining excavation permits, can significantly enhance efficiency. The adoption of GIS systems for remote assessments and the implementation of self-certification for internal water installations can also reduce delays and improve service delivery.

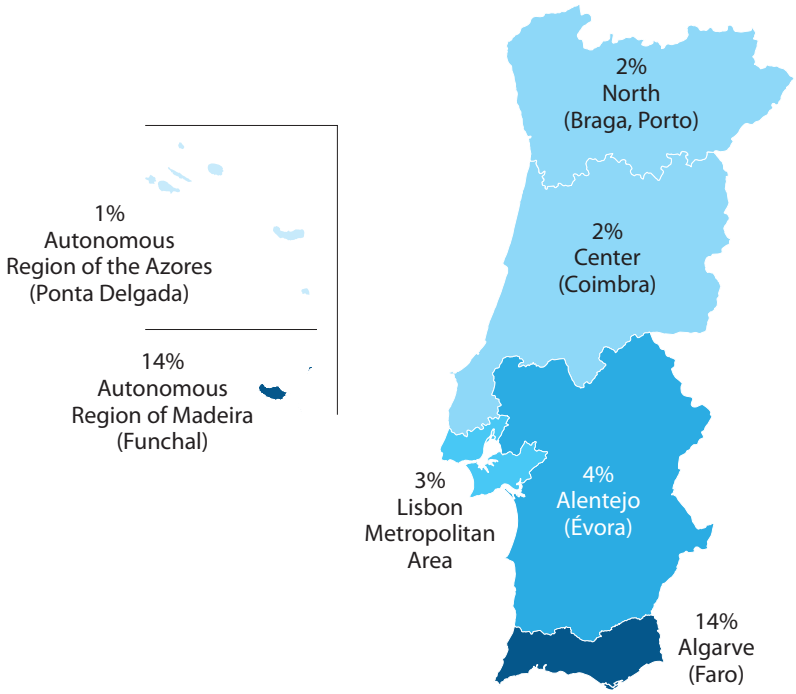
24 See section 4.2, "Utility Services in Detail—Water," for more information on the topic, the country-specific context, and a detailed assessment of the data.
25 The regulatory framework that governs water utility services includes Decree-Law No. 194/2009 and Regulatory Decree No. 23/95, among others.

Figure 14. Time to Obtain a Water Connection, by City and Stage



Source: Subnational Business Ready

Map 4. Share of Firms That Report Having Suffered Insufficiency in Their Water Supply, by Region



Source: World Bank Enterprise Surveys 2023

Internet[26]

In Portugal, the *Autoridade Nacional de Comunicações* (ANACOM) oversees wholesale connectivity tariffs and can initiate investigations into anticompetitive practices. However, the regulator does not set performance standards to ensure service quality and the reliability of internet connections. The regulation includes provisions for joint planning and construction, such as "dig once" policies, and mandates infrastructure sharing among operators. Legal provisions guarantee equal access to government-owned infrastructure and establish rights of way for digital infrastructure service providers. Financial deterrence mechanisms, such as penalties for service outages or slowdowns and compensation for customers, are also stipulated to maintain high service standards.

Additionally, the regulatory framework[27] mandates liability and compensation rights for personal data protection breaches, with clear reporting provisions for data incidents. The *Centro Nacional de Cibersegurança* (CNCS) is responsible for national cybersecurity coordination, conducting risk assessments, audits, and training to enforce cybersecurity laws. However, there are gaps in environmental sustainability requirements, as there are no national targets for emissions or the energy efficiency of electronic communication networks and data infrastructure. Similarly, no regulatory provisions establish mandatory environmental reporting or disclosure standards for digital connectivity and data infrastructures.

The governance and transparency of internet services in Portugal are robust, with a strong emphasis on monitoring, accessibility, and accountability. Electronic payments for internet connection fees and monthly tariffs are available. The Regulatory Framework ensures transparency through the publication of key performance indicators for service quality and reliability, although the online availability of these indicators varies. Planned outages and service quality indicators are publicly available, enhancing transparency and customer trust. Complaint mechanisms are well established, providing clear guidance for customers to resolve issues both within internet service providers and independently.

Interoperability with other utilities, such as electricity, is facilitated through shared databases for network lines and an online system for managing excavation permits. However, there is room for improvement in digital services in some areas, such as the ability to track the status of applications online. Additionally, while tariffs and service quality indicators are available online, transparency regarding the formulas used to determine tariff levels is lacking. Enhancing these digital services and transparency measures can further improve the governance and Operational Efficiency of internet services in Portugal.

The efficiency of obtaining internet connections in Portugal varies, with connection times ranging from three to six days across different cities. The process can be initiated online, by telephone, or in person at provider stores, but online orders are usually completed by telephone. Most business customers prefer to visit provider stores in person to finalize new connections. The process involves submitting the necessary documentation, such as the company's certificate and the representative's identification; evaluating the best offer based on the company's location, type, and size; and scheduling the installation, which typically occurs within two or three days after the contract is signed.

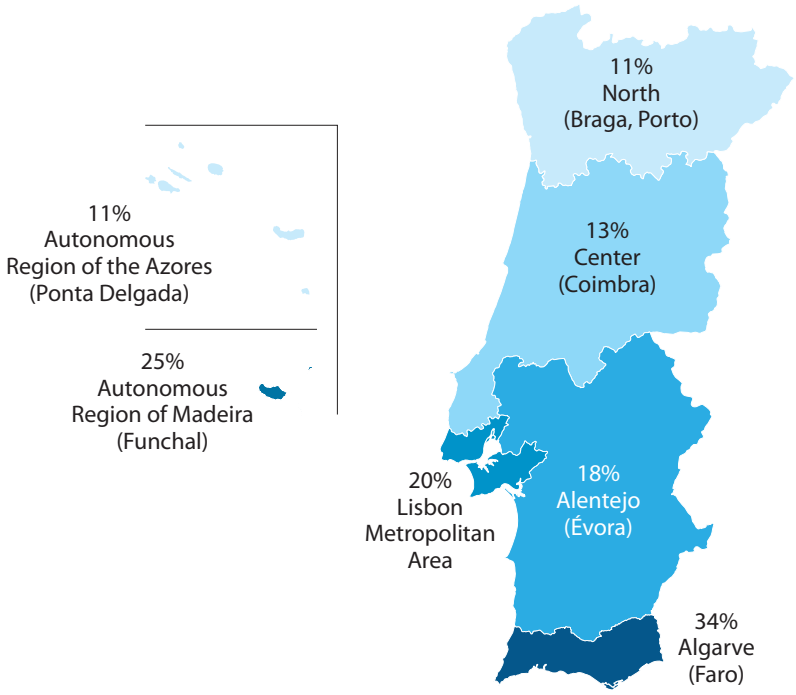
The reliability of the internet supply also varies, with 16 percent of Portuguese firms reporting internet disruptions, although this figure varies by region, according to World Bank Enterprise Surveys data (map 5). For instance, 11 percent of firms in the Autonomous Region of the Azores and the North region reported disruptions, compared to 25 percent in the Autonomous Region of Madeira and 34 percent in the Algarve. New buildings are required to be built with internal infrastructure to accommodate internet connections, and 95 percent of buildings in Portugal meet this requirement. Efforts to replace overhead lines with underground cabling in regions such as Ponta Delgada are ongoing to further improve reliability.

Table 4 provides a detailed overview—by pillar, category, and subcategory—of the eight Portuguese cities' performance on the Utility Services topic. The topic includes three subtopics: electricity, water, and internet, which are detailed below. The column with the rescaled points indicates the total maximum points a city can get on each of

26 See section 4.3, "Utility Services in Detail—Internet," for more information on the topic, the country-specific context, and a detailed assessment of the data.

27 The relevant regulations for internet utility services include the Electronic Communications Law (Law No. 16/2022, of August 16); Decree-Law No. 123/2009, of May 21 (and its subsequent amendments), which establishes the legal regime for the construction, access to, and establishment of electronic communications networks and infrastructure; and Law No. 46/2018, of August 13, which establishes the legal framework for cybersecurity.

Map 5. Share of Firms Experiencing Internet Disruptions, by Region



Source: World Bank Enterprise Surveys 2023

the measured areas. For example, under Pillar I (Quality of Regulations on Utility Services), category 1.1 (Electricity), subcategory 1.1.4 (Environmental Sustainability), none of the eight cities receives the total possible maximum number of 8.3 points. Conversely, all cities receive the maximum number of points (8.3) on the other three subcategories: 1.1.1 (Regulatory Monitoring of Tariffs and Service Quality); 1.1.2 (Utility Infrastructure Sharing and Quality Assurance Mechanisms); and 1.1.3 (Safety of Utility Connections). Most cross-city variability is observed under Pillar III.

Table 4. Utility Services Scores

		No. of indicators	Re-scaled points	Braga	Coimbra	Évora	Faro	Funchal	Lisbon	Ponta Delgada	Porto
Pillar I – Quality of Regulations on Utility Services											
1.1	**Electricity**	**10**	**33.3**	**31.3**	**31.3**	**31.3**	**31.3**	**31.3**	**31.3**	**31.3**	**31.3**
1.1.1	Regulatory Monitoring of Tariffs and Service Quality	2	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
1.1.2	Utility Infrastructure Sharing and Quality Assurance Mechanisms	2	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
1.1.3	Safety of Utility Connections	3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
1.1.4	Environmental Sustainability	3	8.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3
1.2	**Water**	**12**	**33.3**	**21.9**	**21.9**	**21.9**	**21.9**	**21.9**	**21.9**	**21.9**	**21.9**
1.2.1	Regulatory Monitoring of Tariffs and Service Quality	2	8.3	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
1.2.2	Utility Infrastructure Sharing and Quality Assurance Mechanisms	2	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
1.2.3	Safety of Utility Connections	3	8.3	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
1.2.4	Environmental Sustainability	5	8.3	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
1.3	**Internet**	**11**	**33.3**	**27.9**	**27.9**	**27.9**	**27.9**	**27.9**	**27.9**	**27.9**	**27.9**
1.3.1	Regulatory Monitoring of Tariffs and Service Quality	2	8.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3
1.3.2	Utility Infrastructure Sharing and Quality Assurance Mechanisms	4	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3
1.3.3	Safety of Utility Connections	3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
1.3.4	Environmental Sustainability	2	3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total	**33**	**100**	**81.0**	**81.0**	**81.0**	**81.0**	**81.0**	**81.0**	**81.0**	**81.0**
Pillar II – Quality of the Governance and Transparency of Utility Services											
2.1	**Electricity**	**15**	**33.3**	**29.2**	**29.2**	**29.2**	**29.2**	**28.9**	**29.2**	**27.8**	**29.2**
2.1.1	Digital Services and Interoperability	4	8.3	8.3	8.3	8.3	8.3	8.3	8.3	7.3	8.3
2.1.2	Availability of Information and Transparency	6	8.3	7.6	7.6	7.6	7.6	7.2	7.6	7.2	7.6
2.1.3	Monitoring of Service Supply (includes gender and environment)	3	8.3	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
2.1.4	Enforcement of Safety Regulations and Consumer Protection Mechanisms	2	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
2.2	**Water**	**15**	**33.3**	**26.1**	**27.2**	**26.1**	**28.2**	**26.1**	**25.1**	**24.0**	**27.5**
2.2.1	Digital Services and Interoperability	4	8.3	7.3	8.3	7.3	7.3	7.3	6.3	7.3	8.3
2.2.2	Availability of Information and Transparency	6	8.3	7.6	7.6	7.6	7.6	7.6	7.6	7.6	8.0
2.2.3	Monitoring of Service Supply (includes gender and environment)	3	8.3	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
2.2.4	Enforcement of Safety Regulations and Consumer Protection Mechanisms	2	8.3	6.3	6.3	6.3	8.3	6.3	6.3	4.2	6.3
2.3	**Internet**	**13**	**33.3**	**25.2**	**25.2**	**25.2**	**25.2**	**25.2**	**25.2**	**25.2**	**25.2**
2.3.1	Digital Services and Interoperability	4	8.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3
2.3.2	Availability of Information and Transparency	5	8.3	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4
2.3.3	Monitoring of Service Supply (includes gender and environment)	2	8.3	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2

Table 4. Utility Services Scores

		No. of indicators	Re-scaled points	Braga	Coimbra	Évora	Faro	Funchal	Lisbon	Ponta Delgada	Porto
2.3.4	Enforcement of Safety Regulations and Consumer Protection Mechanisms	2	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
	Total	**43**	**100**	**80.6**	**81.6**	**80.6**	**82.7**	**80.2**	**79.5**	**77.1**	**82.0**
Pillar III – Operational Efficiency of Utility Service Provision											
3.1	**Electricity**	**5**	**33.3**	**32.2**	**31.7**	**32.4**	**31.7**	**32.3**	**32.7**	**31.8**	**32.2**
3.1.1	Time to obtain a connection	1	16.7	15.8	15.3	16.0	15.8	15.7	16.2	15.3	15.8
3.1.2	Reliability of supply	4	16.7	16.3	16.4	16.4	15.9	16.6	16.5	16.5	16.4
3.2	**Water**	**2**	**33.3**	**32.3**	**29.2**	**27.7**	**27.0**	**26.5**	**27.7**	**31.8**	**28.7**
3.2.1	Time to obtain a connection	1	16.7	15.7	12.5	11.2	15.0	14.3	11.2	15.2	12.0
3.2.2	Reliability of supply	1	16.7	16.7	16.7	16.5	12.0	12.2	16.5	16.7	16.7
3.3	**Internet**	**2**	**33.3**	**26.7**	**26.7**	**29.3**	**23.5**	**24.7**	**31.0**	**23.0**	**29.8**
3.3.1	Time to obtain a connection	1	16.7	10.2	10.2	13.3	13.3	10.2	15.3	6.5	13.3
3.3.2	Reliability of supply	1	16.7	16.5	16.5	16.0	10.2	14.5	15.7	16.5	16.5
	Total	**9**	**100**	**91.2**	**87.6**	**89.4**	**82.2**	**83.4**	**91.4**	**86.6**	**90.7**

Source: Subnational Business Ready
Note: The reported individual scores were rounded off; therefore, the sum of individual scores may not add up to the totals.

1.6 Dispute Resolution[28]

In Portugal, the regulatory framework[29] and public services for dispute resolution are uniform across the cities assessed, and they mostly adhere to international good practices. Variations occur primarily in the duration and costs of commercial litigation. For instance, the time required to resolve commercial cases is just 15 months in Ponta Delgada, but 25 months in Évora and 24 months in Lisbon. This disparity is attributed to the higher caseload in larger cities, such as Lisbon, and the insufficient number of courtrooms and staff in smaller cities, such as Évora. Additionally, costs differ significantly between cities, mainly due to differences in attorneys' fees, as court fees are homogenized nationwide at 0.86 percent of the claim value at first instance and 0.43 percent at appellate level.

Laws in Portugal define time standards for filing a statement of defense, suggesting new evidence, and issuing judgments and expert opinions. However, there is no time standard for serving a complaint on a defendant, and the maximum number of adjournments is not regulated. Similarly, in terms of ADR mechanisms, provisions for third-party funding in investor-state arbitration have yet to be introduced. The same goes for specific rules on the recognition and enforcement of international mediation settlements that do not have a court approval.

Digitalized Public Services for commercial litigation are available across all cities in Portugal, including e-filing, e-communications and exchange of documents, admissibility of digital evidence, and e-payment of court fees. However, an impediment to the organizational structure is the lack of specialized courts for commercial disputes. While commercial courts exist, their jurisdiction is limited to dealing with insolvency, the exercise of corporate rights, and issues with the Commercial Registry. Consequently, commercial disputes between legal entities are typically handled by the civil law divisions of the relevant courts. Furthermore, judicial transparency issues stem from the fact that decisions of first-instance courts are not published, while the Supreme Court and appellate courts' judgments are made publicly available. Although a pilot project is underway to publish salient first-instance judgments, a consistent publication practice is still lacking. Finally, transparency and accountability are further hindered by the absence of statistics related to case clearance rates and the efficiency of enforcement proceedings, as well as a lack of information with regards to the appointments and promotions of judges.

The duration of proceedings in Portugal varies greatly across different cities. As mentioned above, commercial litigation spans from 15 months in Ponta Delgada to 24 months in Lisbon and 25 months in Évora. Lisbon has the longest resolution time for cases at first instance, 19 months, followed by Évora and Porto, at 18 months. Delays start in the first-instance court, specifically in the time required for hearings to begin after the initial pretrial hearing phase. In Ponta Delgada this takes only 45 days, while in Lisbon and Porto it takes four and six months, respectively. In Faro, where the judge-to-courtroom ratio is low, it takes

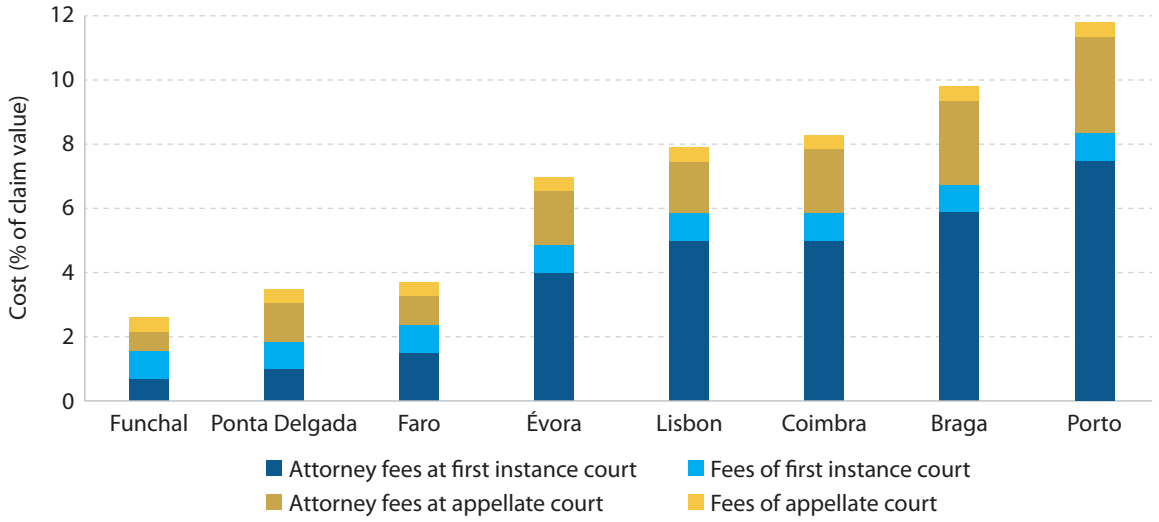
28 See section 5, "Dispute Resolution in Detail," for more information on the topic, the country-specific context, and a detailed assessment of the data.
29 The main legal instruments regulating dispute resolution in Portugal are the Civil Code, Code of Civil Procedure, Law on the Organization of the Judicial System, Law on the Justices of the Peace, Voluntary Arbitration Law, and Civil and Commercial Mediation Law.

nine months for the first trial hearing, while in Évora, with only one courtroom for four judges handling both criminal and civil cases, it takes six months. Moreover, Porto and Lisbon are experiencing a shortage of court clerks, with Porto lacking 137 clerks and Lisbon lacking 263, as of 2022. These two cities also face the highest caseloads. Judges deal with 24.2 cases per month in Lisbon and 30.3 cases per month in Porto, while judges in Ponta Delgada handle 8.9 cases per month. Nevertheless, the time required for enforcement of judgments is more uniform across Portugal. Six of the eight courts measured in the study take 60 to 90 days, with most delays resulting from the performance and efficiency of enforcement agents. Faro stands out with a longer duration, 180 days, due to the time-consuming process of assigning enforcement agents through the court. In other cities, creditors themselves designate the enforcement agents with whom they like to work.

In Portugal, the largest disparity among cities is in the total costs for commercial litigation, despite standardized court fees nationwide (figure 15). Litigation costs comprise court fees and attorneys' fees and range from 2.6 percent of the claim value[30] in Funchal to 11.8 percent of the claim value in Porto. Legal fees remain unregulated, with no prescribed minimum. At first-instance level, attorneys' fees reach 7.5 percent of the claim value in Porto, 5.9 percent in Braga, and 5 percent in Coimbra and Lisbon. These higher fees are typically attributed to the larger domestic and international companies in these larger cities. Conversely, in Ponta Delgada and Funchal, where fees are 1 percent and 0.7 percent of the claim value, respectively, lawyers often handle cases involving local companies that have a lower financial capacity. Similarly, the costs required for enforcing decisions consist of attorneys' fees, which range from 1 percent in Faro, Funchal, and Ponta Delgada to 5 percent in Coimbra. Creditors also pay enforcement agent fees that are standardized across the country at 0.04 percent of the claim value. However, these fees are paid out of the debtor's seized bank funds and not calculated toward the enforcement costs in this study.

According to data from World Bank Enterprise Surveys, 31 percent of Portuguese firms do not find courts to be independent and impartial. There is important variation behind this nationwide average, as the number is higher than 45 percent in Alentejo (including Évora) and in the Autonomous Region of the Azores (including Ponta Delgada) and lower than 20 percent in the Algarve (including Faro) (figure 16). Overall, 19 percent of firms report that they find courts to be a constraint to business operations, and this perception is quantitatively similar across the regions of Portugal. Perception of alternative mechanisms to courts for dispute resolution vary across regions. The most positive perception is in the Autonomous Region of Madeira (including Funchal), where less than 10 percent of the firms find the alternatives unreliable, while the shares

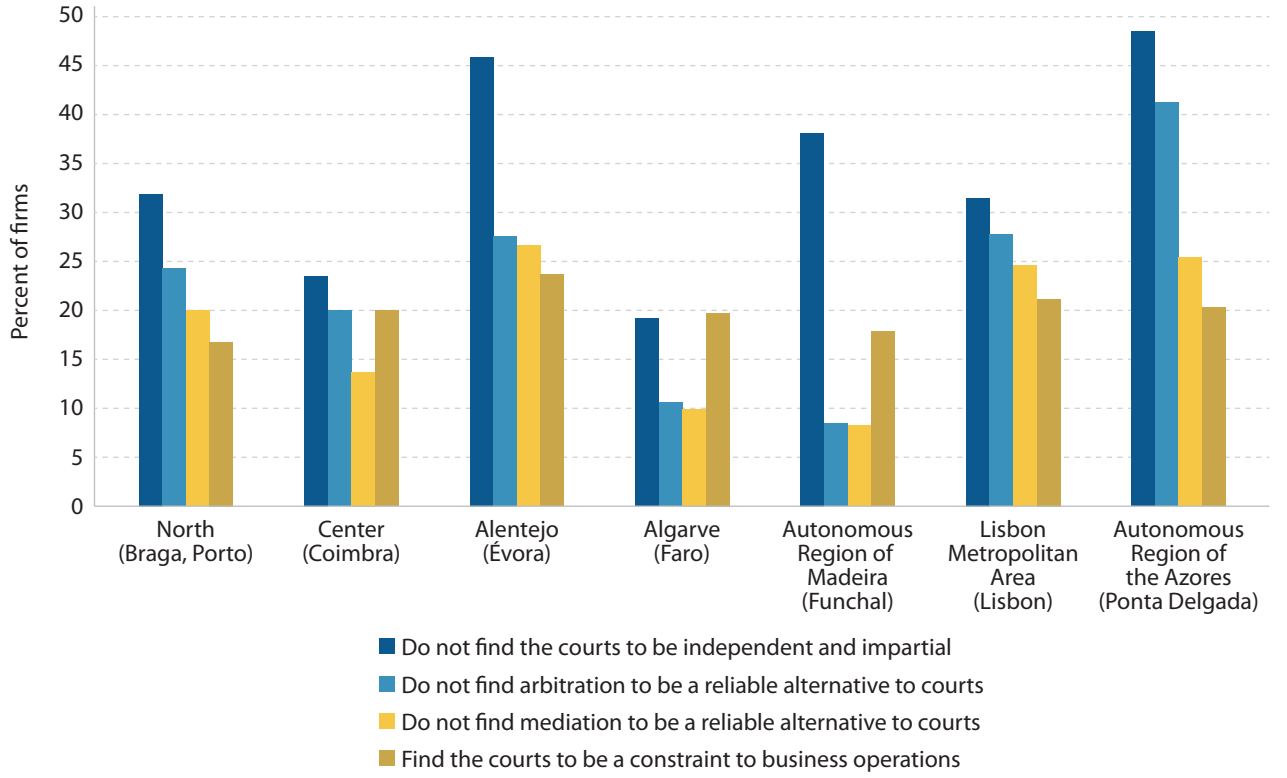
Figure 15. Cost of Court Litigation, by City and Type



Source: Subnational Business Ready

30 For a claim value of EUR 403,977, equal to 20 times the 2021 GNI per capita. Portugal's 2021 GNI per capita is EUR 20,199.

Figure 16. Perception of Courts and Other Dispute Resolution Processes, by Category and Region



Source: World Bank Enterprise Surveys 2023

are above 24 percent in the Autonomous Region of the Azores, Alentejo, and the Lisbon Metropolitan Area. Firms in every region find arbitration to be a less reliable alternative to courts than mediation, with the differential being the highest in the Autonomous Region of the Azores.

Table 5 provides a detailed overview—by pillar, category, and subcategory—of the eight Portuguese cities' performance on the Dispute Resolution topic. The column with the rescaled points indicates the total maximum points a city can get on each of the measured areas. For example, under Pillar I (Quality of Regulations for Dispute Resolution), category 1.1 (Court Litigation), subcategory 1.1.1 (Procedural Certainty), which includes environmental disputes, none of the measured cities receives the total possible maximum number of 40 points. In contrast, all cities receive the maximum number of points (26.7) in the other subcategory, 1.1.2 (Judicial Integrity), which includes gender equality. Most cross-city variability is observed under Pillar III.

Table 5. Dispute Resolution Scores

		No. of indicators	Re-scaled points	Braga	Coimbra	Évora	Faro	Funchal	Lisbon	Ponta Delgada	Porto
Pillar I – Quality of Regulations for Dispute Resolution											
1.1	**Court Litigation**	**14**	**66.7**	**60.8**	**60.8**	**60.8**	**60.8**	**60.8**	**60.8**	**60.8**	**60.8**
1.1.1	Procedural Certainty (includes environment)	9	40	34.1	34.1	34.1	34.1	34.1	34.1	34.1	34.1
1.1.2	Judicial Integrity (includes gender)	5	26.7	26.7	26.7	26.7	26.7	26.7	26.7	26.7	26.7
1.2	**Alternative Dispute Resolution (ADR)**	**10**	**33.3**	**29.2**	**29.2**	**29.2**	**29.2**	**29.2**	**29.2**	**29.2**	**29.2**
1.2.1	Legal Safeguards in Arbitration	6	16.7	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6
1.2.2	Legal Safeguards in Mediation	4	16.7	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6
	Total	**24**	**100**	**90.0**	**90.0**	**90.0**	**90.0**	**90.0**	**90.0**	**90.0**	**90.0**
Pillar II – Public Services for Dispute Resolution											
2.1	**Court Litigation**	**19**	**66.7**	**47.3**	**47.3**	**47.3**	**47.3**	**47.3**	**47.3**	**47.3**	**47.3**
2.1.1	Organizational Structure of Courts	4	22.2	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8
2.1.2	Digitalization of Court Processes	8	22.2	20.8	20.8	20.8	20.8	20.8	20.8	20.8	20.8
2.1.3	Transparency of Courts (includes gender)	7	22.2	11.6	11.6	11.6	11.6	11.6	11.6	11.6	11.6
2.2	**Alternative Dispute Resolution (ADR)**	**9**	**33.3**	**21.0**	**21.0**	**21.0**	**21.0**	**21.0**	**21.0**	**21.0**	**21.0**
2.2.1	Public Services for Arbitration (includes gender)	4	16.7	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2
2.2.2	Public Services for Mediation (includes gender)	5	16.7	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9
	Total	**28**	**100**	**68.3**	**68.3**	**68.3**	**68.3**	**68.3**	**68.3**	**68.3**	**68.3**
Pillar III – Ease of Resolving a Commercial Dispute											
3.1	**Court Litigation**	**8**	**66.7**	**53.4**	**54.9**	**40.6**	**53.7**	**51.1**	**52.2**	**47.8**	**53.4**
3.1.1	Reliability of Courts	2	26.7	18.1	20.1	8.4	21.6	14.5	16.0	10.0	18.1
3.1.2	Operational Efficiency of Court Processes	6	40	35.3	34.7	32.2	32.1	36.6	36.2	37.8	35.3
3.2	**Alternative Dispute Resolution (ADR)**	**6**	**33.3**	**12.5**	**22.4**	**16.1**	**26.6**	**26.9**	**14.3**	**15.5**	**14.0**
3.2.1	Reliability of ADR	2	13.3	4.1	9.1	0.9	12.9	13.1	1.2	0.5	4.1
3.2.2	Operational Efficiency of Arbitration Processes	4	20	8.4	13.4	15.1	13.8	13.8	13.1	14.9	9.9
	Total	**14**	**100**	**65.9**	**77.3**	**56.7**	**80.3**	**78.0**	**66.5**	**63.2**	**67.4**

Source: Subnational Business Ready
Note: As the reported individual scores were rounded off, the sum of individual scores may not add up to the totals.

1.7 Business Insolvency[31]

In Portugal, the regulatory framework[32] and public services provision for business insolvency are largely uniform, with minimal variation between cities. They include most insolvency tools, including out-of-court procedures, but still lack some internationally recognized good practices, such as introducing exceptions or relief for the automatic stay of proceedings that protect public policy interests, perishable or indispensable assets; electronic means for creditor voting on reorganization plans; and specialized insolvency proceedings for micro-, small, and medium-sized enterprises.

As far as public services are concerned, since 2009, the judicial system has undergone significant digitalization to enhance the transparency of relevant information and facilitate the work of judges, lawyers, and insolvency administrators.

Notable differences exist in the duration and costs of insolvency proceedings across cities. Larger cities, such as Lisbon and Porto, with higher caseloads, experience longer times and higher insolvency administrator fees in liquidation proceedings. For instance, in 2023, the court in Porto—which had a larger case portfolio, a high number of company insolvency declarations, and relatively fewer staff, compared to Lisbon, where liquidation takes 28 months on average—took an average of 55 months to complete liquidation proceedings.

Costs also vary considerably due to the method used to calculate the variable portion of insolvency administrator fees, which depends on the proceeding outcome. Lisbon incurs the highest liquidation and reorganization expenses, 12 percent of the market value of the insolvent company for the former and 7.5 percent for the latter. In contrast, insolvent companies in smaller cities, where companies are reportedly undercapitalized, often have fewer assets for liquidation. In addition, debtors' lawyers in these cities reported facing greater difficulties in recovering fees from clients, due to the scarcity of assets in the debtor's estate from which they could recover their credit.

Portugal's public services have two strong features: the implementation of digital tools and the specialization of courts to expedite insolvency proceedings. The country invested in digital transformation beginning in 2009, when the *Citius*[33] case management system was introduced. This platform initially eliminated the need for hard copies of documents and has since evolved to support e-filing and case tracking for all involved parties. *Citius* provides public access to information on collection lawsuits, public notices, and pledged assets. It also promptly alerts judges of new insolvency filings and provides an electronic lottery system for appointing insolvency administrators. In 2013, Portugal implemented a judicial reform establishing specialized commercial courts with jurisdiction over insolvency and reorganization proceedings in all cities except

31 See section 6, "Business Insolvency in Detail," for more information on the topic, the country-specific context, and a detailed assessment of the data.
32 Relevant regulation for business insolvency includes Decree-Law No. 53/2004, of March 18—Insolvency and Corporate Recovery Code; Decree-Law No. 262/86, of September 2—Commercial Companies Code; Law No. 22/2013, of February 26—Statute of the Judicial Administrator; Decree-Law No. 34/2008, of February 26—Regulation of Procedural Costs; Law No. 7/2009, of February 12—Labor Law; and Law No. 41/2013, of June 26—Code of Civil Procedure.
33 https://www.citius.mj.pt/portal/default.aspx

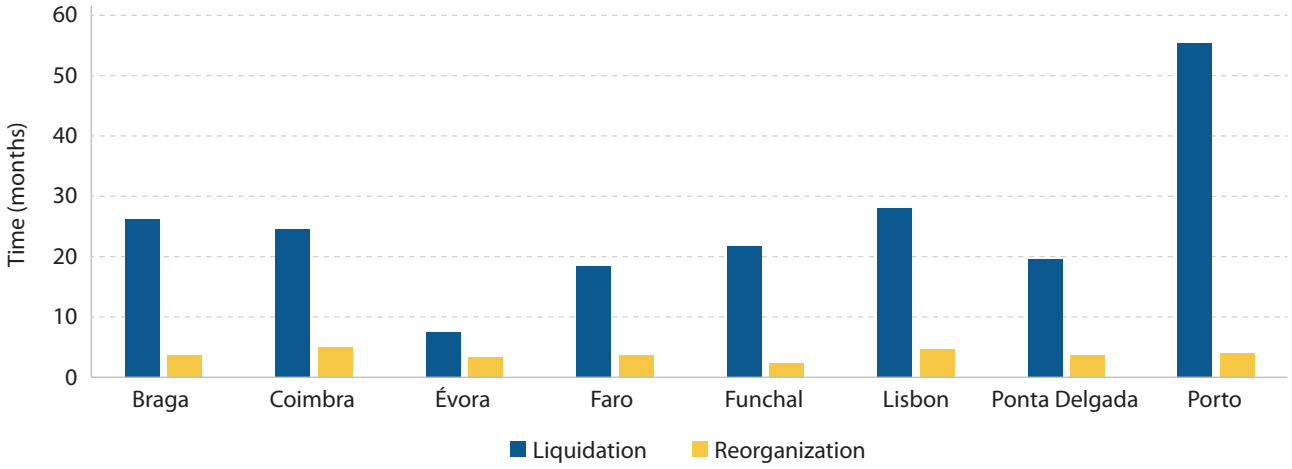
Évora and Ponta Delgada, as both cities are characterized by smaller economic activity and thus have fewer business insolvency cases.

The same year, the Civil Procedure Code prioritized asset sales via electronic auction. Subsequently, the Justice Ministry set rules to regulate procedures managed through *e-leilões*,[34] the officially preferred electronic auction platform, overseen by the Solicitors and Enforcement Agents National Association. The prevailing opinion among consulted experts is that *e-leilões* has increased transparency, expanded the pool of potential buyers, and expedited asset sales. The Insolvency and Corporate Recovery Code allows insolvency administrators to select alternative platforms for selling assets for liquidation with proper justification, leading to the rise of competing services that offer additional services, such as advertising and issuing legal documents, whose costs are transferred to buyers. In 2021, Portugal launched *Magistratus*,[35] software enabling judges to search the content within files and images, compile dossiers with relevant case information, and annotate case files. Judges are currently undergoing training on this tool.

Despite these notable technological improvements, insolvency administrators have voiced concerns about *Citius*' reliability and interoperability with external systems. *Citius* aims to facilitate court access and link users with external information sources, such as registry offices. This is particularly relevant to insolvency administrators responsible for identifying and seizing available assets. However, the registry office data are often inaccurate, requiring insolvency administrators to perform additional work. Furthermore, although they are legally entitled to access tax and social security databases, this access does not occur in practice. This results in delays, as insolvency administrators must either request information from judges or engage with the relevant authorities to obtain data that reflect the financial situation of indebted companies.

The duration of insolvency proceedings varies significantly across cities due to the differing caseloads and staff availability. The legal framework mandates that liquidation should be completed within one year, with extension conceded under proper justification. Data show that courts often exceed the one-year mark to complete liquidation proceedings. The exception is Évora, where completion typically takes over seven months.[36] In contrast, Porto averages 55 months to complete liquidation proceedings, while Lisbon takes 28 months (figure 17). This difference is partly due to Porto's higher caseloads and fewer staff, compared to Lisbon. In the last quarter of 2023, justice statistics showed that Porto had 71 company insolvency

Figure 17. Time for Liquidation and Reorganization Proceedings, by City



Source: Subnational Business Ready

34 https://www.e-leiloes.pt/
35 https://justica.gov.pt/Noticias/Plataformas-tecnologicas-Magistratus-e-MP-Codex-avancam-nos-tribunais
36 In Évora, the number of insolvency cases related to legal entities is lower than in other cities benchmarked, and it decreased by 54 percent between the first quarter of 2023 and 2024. More information is available at https://www.iberinform.pt/noticias/detalle/insolvencias-aumentam-26-porcento-no-primeiro-trimestre-de-2024.

declarations, while Lisbon had 53.[37] Experts noted that procedural events that contribute to delays include asset seizures, disputes on the ranking of claims, and the unreliability of registry office databases accessed via Citius. For reorganization proceedings, the legal framework's strict time frames lead to resolution within six months. In this vein, Coimbra has the longest duration for approving a reorganization plan, taking five months, while Funchal completes this process in two months. While having fewer insolvency cases,[38] Funchal also benefits from a specialized insolvency section.

The cost of insolvency proceedings includes court, insolvency administrator, and lawyers' fees. The insolvency administrator's fees are typically the most substantial expense in both liquidation and reorganization proceedings. They encompass a reimbursement expense of EUR 204, a fixed fee of EUR 2,000, and a variable fee contingent on the proceeding outcome. In summary, the variable fee for liquidation is 5 percent of its results, and for reorganization, it is 10 percent of net position, with the possibility of an additional 5 percent increase. The variable fee thus varies depending on the number and quality of available assets for liquidation and on the negotiation conditions with creditors during reorganization. In Lisbon, the costs for liquidation and reorganization are higher, 12 percent and 7.5 percent of the market value of the insolvent company, respectively. In comparison, Évora and Ponta Delgada have a 1 percent fee for liquidation, and Faro and Funchal have the same rate for reorganization.[39] Note that insolvent companies in Lisbon are often larger domestic and international enterprises, whereas those in Évora, Faro, Funchal, and Ponta Delgada are typically smaller domestic firms with fewer or no assets to liquidate, limiting chances for successful continuation of activities.

Following the insolvency administrator's fee, the next significant cost is the lawyers' fees, which are market driven. Lawyers in larger cities, such as Lisbon, earn higher fees. In contrast, lawyers in smaller cities, such as Ponta Delgada, face greater difficulties in securing payments from clients in insolvency cases. Court fees, however, do not significantly contribute to cost differences, as they are regulated by a national fee schedule, ensuring consistency across cities.

Table 6 provides a detailed overview—by pillar, category, and subcategory—of the eight Portuguese cities' performance on the Business Insolvency topic. The column with the rescaled points indicates the total maximum points a city can get on each of the measured areas. For example, on Pillar I (Quality of Regulations for Judicial Insolvency Proceedings), category 1.1 (Legal and Procedural Standards in Insolvency Proceedings), subcategory 1.1.1 (Precommencement and Commencement Standards in Liquidation and Reorganization), none of the cities receives the total possible maximum number of 15 points. Conversely, under category 1.2 (Debtor's Assets and Creditor's Participation in Insolvency Proceedings), subcategory 1.2.3 (Selection and Dismissal of the Insolvency Administrator), all cities receive the maximum number of 10 points. Most cross-city variability is observed under Pillar III.

37 https://estatisticas.justica.gov.pt/sites/siej/en-us/Pages/Temas/Insolvencias-decretadas.aspx
38 In 2023, only 54 companies in Madeira were declared insolvent. Statistics on the number of insolvencies in Portuguese cities are available at https://estatisticas.justica.gov.pt/sites/siej/en-us/Pages/Temas/Insolvencias-decretadas.aspx.
39 For an insolvent's company market value of EUR 3,029,828, equal to 150 times the 2021 GNI per capita. Portugal's 2021 GNI per capita is EUR 20,199.

Table 6. Business Insolvency Scores

		No. of indicators	Re-scaled points	Braga	Coimbra	Évora	Faro	Funchal	Lisbon	Ponta Delgada	Porto
Pillar I – Quality of Regulations for Judicial Insolvency Proceedings											
1.1	**Legal and Procedural Standards in Insolvency Proceedings**	**10**	**30**	**19.5**	**19.5**	**19.5**	**19.5**	**19.5**	**19.5**	**19.5**	**19.5**
1.1.1	Pre-Commencement and Commencement Standards in Liquidation and Reorganization	5	15	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5
1.1.2	Post-Commencement Standards in Liquidation and Reorganization	5	15	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
1.2	**Debtor's Assets and Creditor's Participation in Insolvency Proceedings**	**14**	**50**	**39.6**	**39.6**	**39.6**	**39.6**	**39.6**	**39.6**	**39.6**	**39.6**
1.2.1	Treatment and Protection of Debtor's Assets during Liquidation and Reorganization (includes environment)	6	20	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
1.2.2	Creditor's Rights in Liquidation and Reorganization (includes environment)	5	20	15.6	15.6	15.6	15.6	15.6	15.6	15.6	15.6
1.2.3	Selection and Dismissal of the Insolvency Administrator	3	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
1.3	**Specialized Insolvency Proceedings and International Insolvency**	**5**	**20**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**
1.3.1	Specialized Insolvency Proceedings for Micro and Small Enterprises (MSEs)	3	10	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3.2	Cross-Border Insolvency	2	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
	Total	**29**	**100**	**69.1**	**69.1**	**69.1**	**69.1**	**69.1**	**69.1**	**69.1**	**69.1**
Pillar II – Quality of Institutional and Operational Infrastructure for Judicial Insolvency Proceedings											
2.1	**Digital Services (e-Courts) in Insolvency Proceedings**	**7**	**40**	**40.0**	**40.0**	**40.0**	**40.0**	**40.0**	**40.0**	**40.0**	**40.0**
2.1.1	Electronic Services in Liquidation and Reorganization	4	20	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
2.1.2	Electronic Case Management Systems in Liquidation and Reorganization	3	20	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
2.2	**Interoperability in Insolvency Proceedings**	**2**	**20**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**
2.2.1	Digital Services Connectivity with External Systems in Liquidation and Reorganization	1	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
2.2.2	Interconnection between e-Case Management System and e-Filing Systems in Liquidation and Reorganization	1	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
2.3	**Public Information on Insolvency Proceedings and Registry of Insolvency Practitioners**	**5**	**20**	**16.7**	**16.7**	**16.7**	**16.7**	**16.7**	**16.7**	**16.7**	**16.7**
2.3.1	Public Information on the Number and Length of Liquidation and Reorganization, and Insolvency Judgments	3	10	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
2.3.2	Availability of a Public Registry of Insolvency Practitioners	2	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
2.4	**Public Officials and Insolvency Administrators**	**3**	**20**	**20.0**	**20.0**	**10.0**	**20.0**	**20.0**	**20.0**	**10.0**	**20.0**
2.4.1	Specialization of Courts with Jurisdiction on Reorganization and Liquidation Proceedings	2	10	10.0	10.0	0.0	10.0	10.0	10.0	0.0	10.0
2.4.2	Insolvency Administrator's Expertise in Practice	1	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
	Total	**17**	**100**	**96.7**	**96.7**	**86.7**	**96.7**	**96.7**	**96.7**	**86.7**	**96.7**

Table 6. Business Insolvency Scores

		No. of indicators	Re-scaled points	Braga	Coimbra	Évora	Faro	Funchal	Lisbon	Ponta Delgada	Porto
Pillar III – Operational Efficiency of Resolving Judicial Insolvency Proceedings											
3.1	**Liquidation Proceedings**	**2**	**50**	**42.5**	**44.5**	**50.0**	**48.5**	**47.0**	**34.5**	**48.3**	**24.8**
3.1.1	Time to Resolve a Liquidation Proceeding	1	25	17.5	19.5	25.0	23.8	22.0	15.3	23.3	0.0
3.1.2	Cost to Resolve a Liquidation Proceeding	1	25	25.0	25.0	25.0	24.8	25.0	19.3	25.0	24.8
3.2	**Reorganization Proceedings**	**2**	**50**	**50.0**	**50.0**	**50.0**	**50.0**	**50.0**	**46.0**	**50.0**	**49.0**
3.2.1	Time to Resolve a Reorganization Proceeding	1	25	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
3.2.2	Cost to Resolve a Reorganization Proceeding	1	25	25.0	25.0	25.0	25.0	25.0	21.0	25.0	24.0
	Total	**4**	**100**	**92.5**	**94.5**	**100.0**	**98.5**	**97.0**	**80.5**	**98.3**	**73.8**

Source: Subnational Business Ready
Note: The reported individual scores were rounded off; therefore, the sum of individual scores may not add up to the totals.

2. Business Entry in Detail

Business Entry in Portugal

Pillar I:
Regulatory Framework

Score (all cities): **95**/100

Pillar II:
Public Services

Score (all cities): **88**/100

Pillar III:
Operational Efficiency

Time (days): **4.5**

Cost (% of income per capita*): **1.8%**

Score (all cities): **99.5**/100

*Portugal's 2021 GNI per capita is EUR 20,199

Main findings

- The process of business entry is harmonized across the eight cities assessed in Portugal.
- Entrepreneurs in Portugal benefit from business entry regulations that follow international good practices regarding registration requirements, simplified registration processes, and regulatory restrictions.
- Public services for business registration facilitate the incorporation and start of operations processes of new companies through digital services that interconnect the different agencies involved.
- Entrepreneurs can register their company through the online one-stop shop, *Empresa Online*, or in person with the expedited service, *Empresa na hora*. Business founders choose the service that suits their needs. *Empresa Online* allows entrepreneurs or their representatives to register remotely anywhere in the country, while, with *Empresa na hora*, the business is incorporated in one step onsite at one of the Registry Offices.
- In 2023, the Portuguese government launched *Empresa Online 2.0* to further facilitate the process of company incorporation by integrating additional steps to the process such as the registration of beneficial owners while expanding the reach of the service.

Business Entry in Portugal

Why is business entry important?

- A business environment that facilitates the formalization of businesses is key to the creation of jobs and stronger economic growth.[40] Regulatory entry restrictions can create obstacles to developing a business and hinder the potential of new firms.
- Regulations that encourage transparency of information on businesses and beneficial owners help safeguard the integrity and reputation of the business sector by making it unattractive for firms with illicit purposes.[41]
- Simple registration processes, together with the use of online tools and low incorporation costs, encourage entrepreneurs to enter the economy.[42]

40 Rand and Torm, 2012; Medvedev and Oviedo Silva, 2015; La Porta and Shleifer, 2014.
41 UNCITRAL , 2019; OECD and IDB, 2021; World Bank, 2020.
42 Klapper, Lewin, and Quesada Delgado, 2011.

What does the Business Entry topic measure?

Pillar I: Regulatory Framework

Quality of regulations for business entry

- Information and procedural standards regarding the filing of information on companies and beneficial owners
- Availability of simplified registration for new firms
- A risk-based approach for business licensing
- Regulatory restrictions for the entry of new firms

Pillar II: Public Services

Digital public services and transparency of information for business entry

- Availability of digital services for business registration, storage of company information, and identity verification
- Interoperability of services between the agencies involved in business registration
- Transparency of online information regarding business registration

Pillar III: Operational Efficiency

Operational efficiency of business entry

- Time to complete the registration of a new firm
- Cost to complete the registration of a new firm

For more information, please refer to the *Business Ready Methodology Handbook*: https://www.worldbank.org/en/businessready

Business Entry in Portugal

Recent reforms and changes in business entry

- **Creation of a beneficial ownership registry.** The Legal Framework of the Central Registry of Beneficial Owners (RCBE), provided for in article 34 of Law No. 83/2017, was approved by Law No. 89/2017. The RCBE is under the administration of the Institute of Registries and Notary (IRN) and became operational in October 2018. The RCBE declaration must be filed by all entities incorporated in Portugal within 30 days of the company's incorporation and updated whenever there are changes to their information.
- **Suspension of registration with the Labor Compensation Funds.** The requirement for employers to register for the Labor Compensation Fund (*Fundo de Compensação de Trabalho*, FCT) was suspended since May 1, 2023, as part of the *Acordo de Médio Prazo de Melhoria dos Rendimentos, dos Salários e da Competitividade*. This was formalized by Article 4 of Decree-Law 115/2023, of December 2023 and employers are no longer obliged to join the FCT. The Guarantee Fund for Work Compensation (*Fundo de Garantia de Compensação do Trabalho*, FGCT) remains mandatory but the obligations of employers are suspended until the end of 2026. After the suspension, the employers would no longer need to register directly with the FGCT; this would now be done by Social Security once a worker's employment is reported to them.

Relevant laws and regulations in Portugal

- **Decree-Law No. 403/86—Commercial Registry Code:** stipulates the facts that are subject to commercial registration and its terms.
- **Decree-Law No. 262/86—Companies Code:** regulates legal entities, defines the rights and duties of shareholders and directors, among other elements.
- **Ordinance No. 657-A/2006—Commercial Registry Regulation:** regulates the operation of the Commercial Registry and conditions regarding the establishment/dissolution of companies and other registration acts.
- **Decree-Law No. 322-A/2001—Registration and Notary Fees Regulation ("RERN"):** sets forth the fees applicable to each act carried out before Registry Offices.

Public institutions and services for business entry

- **Institute for Registers and Notary (IRN):** institution under the Ministry of Justice in charge of managing several public registries, including the registry of legal persons and the registry of beneficial owners, as well as overseeing notarial services.
- **National Registry of Legal Entities (RNPC):** official body responsible for managing the Central Register of Legal Persons, which is the digital database containing the information on registered legal entities in Portugal, as well as for assessing the admissibility of company names.
- **Central Registry of Beneficial Owners (RCBE):** database with information on individuals who directly or indirectly have ownership or control of Portuguese legal entities.
- ***Empresa na hora*:** service provided by the IRN that allows the streamlined registration of new businesses in one step with a single visit to a Registry Office.
- ***Empresa Online*:** online platform provided by the IRN that allows entrepreneurs to register a new business and complete other related services including obtaining company certificates and registering changes in company information.

Business Entry in Portugal

Pillar I: **Quality of Regulations for Business Entry (1/2)**

Portugal score (all cities): **95** out of 100 points

Portugal performs on par with good international practices in the regulatory requirements for registration of information on new businesses and their beneficial owners. Regulation also provides for simplified registration options and risk-based business licensing.

Information and procedural standards for business entry

Company information filing requirements

15/15

Regulation has requirements related to:

- ✓ Approval of company name
- ✓ Verification of identity of entrepreneurs
- ✓ Registration of shareholder information
- ✓ Obligation to file annual returns/financial statements
- ✓ Registration of changes in company name, shareholder details, and articles of association

Beneficial ownership filing requirements

15/15

Regulation has requirements related to:

- ✓ Registration of beneficial owners and the type of information collected on them
- ✓ Specific time limit to register beneficial owners at the time of company registration
- ✓ Verification of beneficial owners' identity
- ✓ Restrictions for nominee shareholders and directors
- ✓ Registration of changes in beneficial ownership information

Availability of simplified registration

10/10

- ✓ Simple registration forms available for all entrepreneurs without the use of intermediaries (lawyers or notaries)
- ✓ Possibility to make changes to company information without intermediaries for all companies

Risk-based assessment for operating business and environmental licenses

10/10

- ✓ Risk-based assessment for business licensing
- ✓ Risk-based assessment for environmental licensing of business activities

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Business Entry in Portugal

Pillar I: **Quality of Regulations for Business Entry (2/2)**

Portugal score (all cities): **95** out of 100 points

Portugal follows good international practices in restrictions for business entry. However, regulations set a paid-in minimum capital requirement for new entrepreneurs.

Restrictions on registering a business

22.5/25

Restrictions for domestic firms

Regulation does not establish general restrictions to set up a business for domestic entrepreneurs, including:

- ✓ Minimum education or training of business founders
- ✓ Providing criminal history records of business founders
- ✓ Approval of business plan
- ✓ Obtaining a general operating license
- ✓ Restrictions for specific socio-demographic groups
- ✓ General ownership restrictions in certain economic sectors

Restrictions in place:

- ✗ The law mandates a minimum capital amount to incorporate a new LLC, or EUR 1 per shareholder

22.5/25

Restrictions for foreign firms

Regulation does not establish general restrictions to set up a business for foreign entrepreneurs, including:

- ✓ Limitations on ownership of firms and participation in joint ventures
- ✓ Screening and approval of investment by a government entity
- ✓ Restrictions on the nationality of key personnel
- ✓ Restrictions on the employment of foreign and local personnel
- ✓ Obligation to have a local partner or local suppliers
- ✓ Limitations on dividend distribution or setting up a bank account
- ✓ General ownership restrictions in certain economic sectors

Restrictions related to:

- ✗ The law mandates a minimum capital amount to incorporate a new LLC, or EUR 1 per shareholder (the same as for domestic entrepreneurs)

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Business Entry in Portugal

Pillar II: Digital Public Services and Transparency of Information for Business Entry (1/2)

Portugal score (all cities): **88** out of 100 points

Public infrastructure for business entry in Portugal provides electronic services to access company records and facilitate the registration process. The registry is also linked to other public agencies to facilitate the start of operations of new businesses.

Availability of digital services

Business start-up process

20/20

Electronic services available for:

- ✓ Company name verification
- ✓ Completion of the entire company registration process
- ✓ Updating company and beneficial ownership information
- ✓ Payment of incorporation fees
- ✓ Issuance of company incorporation certificate

Storage of company and beneficial ownership information

10/10

- ✓ Company information records digitally stored
- Database on company information and database on beneficial ownership are:
  - ✓ Fully electronic
  - ✓ Centralized with national coverage
  - ✓ Covering all types of companies and establishments

Identity verification

10/10

- ✓ Electronic signature and authentication available
- ✓ Fully automated identity document verification process of entrepreneurs and beneficial owners available

Interoperability of services

Exchange of company information

10/10

- ✓ Commercial Registry services exchange information with the Tax Authority and Social Security on new business registrations and updates to company information

Unique business identification

10/10

- ✓ At the time of registration, companies are assigned a unique registration number (*número de identificação de pessoa coletiva*, NIPC)
- ✓ The NIPC is used by other relevant agencies, including the Tax Authority, to identify the company

✓ Aspects in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Business Entry in Portugal

Pillar II: Digital Public Services and Transparency of Information for Business Entry (2/2)

Portugal score (all cities): **88** out of 100 points

Portugal provides online access to information on the process to set up a business as well as information on registered businesses with some limitations on its scope.

Transparency of online information

Business start-up (includes gender and environment)

14/20

Official website provides information on:

- ✓ List of documents required to establish a new business
- ✓ List of applicable fees
- ✓ Service standards
- ✗ Information on requirements for environmental permits for low-risk business activities is not publicly available

- ✓ Information is available on public programs to support small and medium enterprises (SMEs)
- ✗ No information is publicly available on programs to support women-led SMEs or such programs do not exist

Availability of general company information

9/10

- ✓ Electronic search is available for all company records
- ✓ The company database provides information on the name of the company, company ID number, names of directors, shareholders; date of incorporation, legal address, and type of activity
- ✗ The information on beneficial ownership is obtained only by consulting a separate database when the shareholders are legal persons*
- ✗ The information on the annual financial accounts is only available in a separate online platform, the Annual Accounts Database (BDCA), not in the company certificate

General and sex-disaggregated statistics on newly created firms

5/10

- ✓ General statistics on the number of newly created companies are publicly available
- ✗ No gender-related statistics of newly created companies is publicly available

*If the shareholders are natural persons, it is possible to see who the beneficial owner is in the company's certificate as they would be the person(s) holding at least 25% of the share capital, either directly (ownership) or indirectly (voting rights). When the shareholders are legal persons, the separate beneficial ownership database must be consulted.

✓ Aspects in line with internationally recognized good practices ✗ Aspects not in line with internationally recognized good practices

Business Entry in Portugal

Pillar III: **Operational Efficiency of Business Entry (1/2)**

Portugal score (all cities): **99.5** out of 100 points

In 2006, Portugal established two business registration channels with the goal of facilitating the process: *Empresa na hora* and *Empresa Online*.* Entrepreneurs can choose either option according to their specific needs and preferences.

	Empresa na hora	Empresa Online
Method to submit application	In person, upon booking an appointment at one of the *Empresa na hora* counters throughout the country, at the Business Spots (*Espaços Empresa*), or at the local Commercial Registry Offices.	Online: https://eportugal.gov.pt/inicio/espaco-empresa
Who can request the registration	Any person or legal entity	Any person or legal entity. Individuals can access the system with a Citizen's Card with an activated digital signature or a Digital Mobile Key (CMD).** Lawyers, notaries, and solicitors who have their professional digital certificate are also able to create a company online.
Company name selection	Applicants have the following options: • Choose a company name from the pre-approved list • Use the certificate of admissibility of a previously approved name*** • If the company is set up at the counter of the Commercial Registry (RNPC), the name is approved at the time of incorporation	Applicants have the following options: • Enter the desired name (up to nine options) • Choose a company name from the pre-approved list • Use the certificate of admissibility of a previously approved name***
Articles of association	Standard. Applicants should choose one of the pre-approved models of articles of association. https://justica.gov.pt/Servicos/Empresa-na-Hora/Pactos	Standard or customized. Applicants can choose between a pre-approved model of articles of association and a customized model to be drawn up by the shareholders. With the new platform, *Empresa Online 2.0*, the articles of association are automatically generated from the data entered. They must be digitally signed by all the shareholders.
Time to obtain a decision on registration	On the spot	With standard articles of association: within 5 days With customized articles of association: within 10 days
Costs	EUR 360	With standard articles of association: EUR 220 With customized articles of association: EUR 360

* The traditional method of company registration is still available to all persons and legal entities, even though it is more complex and expensive, as it entails a heavier workload prior to the registration request at the Commercial Registry. A certificate of admissibility is required, and the company incorporation documents must be drawn up in advance and certified by a notary, lawyer, or solicitor.
**Foreign entrepreneurs can use the service if they have a Digital Mobile Key associated with their passport or European authentication.
***A certificate of admissibility of the company name can be obtained from the RNPC in one day at a cost of EUR 150 if urgent service is requested; or in 10 days with a cost of EUR 75 with normal service.

Business Entry in Portugal

Pillar III: **Operational Efficiency of Business Entry (2/2)**

Time: **4.5** days Cost: **1.8%** of income per capita

Entrepreneurs can register a new LLC (*sociedade por quotas*) in the eight Portuguese cities in as fast as 4.5 days (through *Empresa na hora*) with a cost of 1.8% of income per capita.

Portugal follows **good practices** that facilitate the process of company registration and start of operations, including:

- Entrepreneurs have online access to the Central Registry of Legal Persons (FCPC) to facilitate the selection of the company name; they can also select from a list of pre-approved names.
- The involvement of third-parties (notaries and lawyers) is optional, and business founders can use standard articles of association.
- Companies are registered with the Tax Authority and Social Security at the time of business registration.
- Statutory time limits are in place to complete company registration with *Empresa Online* (five days using standard articles of association, 10 days with customized articles).

How does the process to register a new LLC work in Portugal

Company registration

- At the Commercial Registry Offices (*Conservatórias*), *Empresa na hora* counters or Business Spots (*Espaços Empresa*)
- Process includes tax registration and social security registration
- Time: on the spot (1 day), choosing from a pre-approved list of company names
- Cost: EUR 360

Opening of bank account

- Commercial bank
- Time: 1 day
- Cost: variable depending on bank

Employer and employee registration

- Online notification of admission of employees with Social Security
- Time: 0.5 days
- No cost

Incorporation

Post-incorporation

Beneficial owner registration

- Online registration with the *Registo Central do Beneficiário Efetivo* (RCBE)
- Time: 0.5 days
- No cost

VAT/sales registration

- Online submission of declaration of commencement of activity with the Tax Authority + registering for VAT
- Time: 0.5 days
- No cost

Insurance registration for employees

- Private insurer
- Time: 1 day
- No cost

Source: Subnational Business Ready

Business Entry in Portugal

Areas of improvement for Business Entry

Ongoing improvements: *Empresa Online 2.0*

Online registration has been available in Portugal since 2006. To further facilitate the process, the Government announced in 2023 the project *Empresa Online 2.0*, funded by the Recovery and Resilience Plan, as part of its Economic Justice and Business Environment component. The aim of the project is to strengthen the competitiveness of the Portuguese economy by reducing bureaucracy and simplifying the business incorporation process. To that end, Decree-Law No. 28/2024 of April 3 was adopted to adapt the legal system to the new digital platform.

While resorting to the online route for business incorporation is already common throughout the country, *Empresa Online 2.0* introduces several features that will further ease the process of company incorporation for entrepreneurs, such as:

- Pre-filling the information of shareholders. Through *Empresa Online 2.0*, the managing partner indicates who the other shareholders are, who, by agreeing to participate in the company, will only have to authorize the use of the data that the public administration already holds from the available databases.
- Possibility to incorporate *sociedades anónimas* (corporations). In addition to *sociedades unipessoais por quotas* and *sociedades por quotas*, the platform will also allow the online incorporation of *sociedades anónimas,* a possibility that had been suspended since 2017.
- Support to foreigners who want to use the platform. One of the new features of *Empresa Online 2.0* is that it is multi-lingual. The platform can already be accessed in Portuguese and English and will be available in other languages.
- Registration of beneficial owners. The system will include a feature that allows the beneficial owners to be registered on the same platform and at the same time that the company is created.

The introduction of these improvements is still an ongoing process with further progress expected throughout 2024.

Relevant stakeholder: Institute for Registers and Notary (IRN)

3. Business Location in Detail

3.1 Building Permitting in Portugal

Pillar I: Regulatory Framework

Score (all cities):
98.9/100

Pillar II: Public Services

Score:
33.3 (3 cities) to **83.3**/100 (Lisbon, Porto)

Pillar III: Operational Efficiency

Obtain building permits:
Time (days): **273** (Funchal) to **548** (Coimbra)
Cost (% of income per capita*): **90%** (Ponta Delgada) to **730%** (Lisbon)

Obtain occupancy permits:
Time (days): **65** (Ponta Delgada) to **155** (Coimbra)
Cost (% of income per capita*): **14%** (Coimbra) to **25%** (Évora)

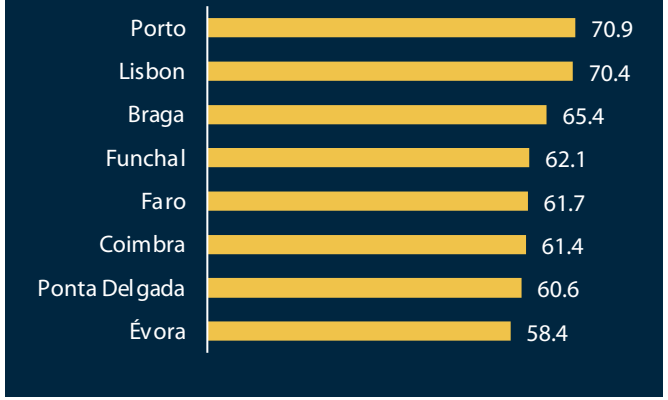
Score: **29** (Lisbon) to **49.5** (Ponta Delgada) /100

*Portugal's 2021 GNI per capita is EUR 20,199

Main findings

- Portugal's building, zoning, and land-use regulations are mostly in line with international best practices and outcomes are uniform throughout the country (Pillar I). National authorities set technical building regulations. Local authorities can establish building regulations subordinated to the national legal framework. The autonomous regions of the Azores and Madeira may adapt the national legal framework to their respective regions.
- Digitalization of the construction permitting process varies widely across the country (Pillar II). Lisbon and Porto's electronic permitting platforms offer the most services to developers in Portugal. Ponta Delgada, Coimbra, and Braga offer some services such us submitting building permitting applications online. Such digitalization is non-existent or inchoate in Évora, Faro, or Funchal. Developers in these three cities submit all building permit applications on paper or by USB flash drive/CD ROM to the municipal building authority.
- The Portuguese cities benchmarked show notable differences in the efficiency of the construction permitting process (Pillar III). Obtaining a building permit is fastest in Funchal, where the process takes approximately nine months. The same process takes twice as long in Coimbra and Lisbon.
- The cost of obtaining a building permit also ranges widely. It is cheaper in Ponta Delgada and more expensive in Lisbon. Differences in cost stem primarily from the municipal urban planning (TMU/TRIM) and building permit fees.
- Portugal has continued its regulatory reform efforts through administrative simplification and e-government measures. In urban planning, the new SIMPLEX 2024 (Decree-Law No. 10/2024) has incorporated measures such as fixed timescales for the approval of projects, the possibility of tacit approval for building permits, and even the elimination of the building permit title, replaced by a payment receipt. These measures aim to simplify processes and reduce costs for applicants.

Overall Building Permitting score per city*



Source: Subnational Business Ready *Scale from 0 to 100 (higher = better)

Building Permitting in Portugal

Why is building permitting important?

- A sound and robust environmental framework for construction projects plays a vital role in protecting the public from faulty building practices and incorporating sustainability in construction by identifying and addressing potential environmental impacts beforehand.[43]
- Adopting good regulatory practices for building standards enhances safety mechanisms and green building practices while reducing opportunities for corruption.
- Transparency of information for building permits minimizes information gaps between public service providers and users, fostering accountability through easy access to regulations, fees, and payment tracking.

43 World Bank, 2024.

What does the Building Permitting topic measure?

Pillar I: Regulatory Framework

Quality of regulations for building permitting

- Building regulations standards
- Building energy codes standards
- Land use and zoning regulations

Pillar II: Public Services

Quality of public services and transparency of information for building permitting

- Availability and reliability of online services
- Interoperability of services between the agencies involved in building permitting
- Transparency and accessibility of the building permitting agencies

Pillar III: Operational Efficiency

Operational efficiency of building permitting

- Time to obtain a building permit
- Cost to obtain a building permit
- Time to obtain an occupancy permit
- Cost to obtain an occupancy permit

For more information, please refer to the *Business Ready Methodology Handbook:* https://www.worldbank.org/en/businessready

Building Permitting in Portugal

Reforms and changes since 2018

- Portugal has continued its regulatory reform efforts through administrative simplification and e-government measures (2016-2024), including licensing within urban planning and territorial management under the SIMPLEX program (Decree-Law No. 10/2024, of January 8). These measures aim to standardize and streamline procedures and reduce municipal involvement in the building and occupancy permitting processes.
- Portuguese cities have introduced electronic permitting systems and process guidelines. Lisbon and Porto have a fully online platform for building permitting and also feature a fee simulator, while the permitting systems in Braga, Coimbra, and Ponta Delgada offer entrepreneurs the possibility of online submissions and other operations. The digitalization of the building permitting system is either non-existent or rudimentary in Évora, Faro or Funchal.
- Cities have increasingly adopted silence-is-consent rules, required liability declarations from legally licensed technicians for engineering projects, and eliminated inspections for occupancy permits to expedite the building permitting process.

Relevant laws and regulations in Portugal

- **National:** Legal Regime for Urbanization and Building (RJUE), General Regulation of Urban Buildings (RGEU), Legal Regime of Territorial Management Instruments (RJIGT), and Land Law, among others.
- **Local:** Municipal Regulations for Urbanization and Building (RMUE), alongside three municipal-level instruments: the Municipal Master Plan (PDM), the Urbanization Plan (PU), and the Detailed Plan (PP).
- Additionally, regional regulations exist only in the two autonomous regions of the Azores and Madeira.

Public institutions and services for building permitting

- **Municipalities** are the building permitting entities.
- **Regional Coordination and Development Commissions (CCDR),** of which there are only five in continental Portugal, are responsible for environmental policies, land planning, city management, and regional development. They provide decentralized regional services and technical support to municipalities.
- **External agencies** are consulted by municipalities/developers as part of the architectural project approval. These may include agencies such as CCDRs, the Portuguese Environment Agency (APA), and Cultural Heritage (DGPC).
- **Utilities** provide technical information (water, electricity) for project approval.

Building Permitting in Portugal

Pillar I: **Quality of Regulations for Building Permitting**

Portugal score (all cities): **98.9** out of 100 points

Regulatory standards related to building permitting

36.4/37.5 Building standards

- ✓ Existing building codes/unified standards applicable to all constructions
- ✓ Clear provisions or guidelines regarding safety standards in the legal framework
- ✓ Regulation of construction materials that pose health risks
- ✓ List of regulated materials available in the legal framework
- ✓ Certified engineer or architect (public agency or private and external) designated by law responsible for compliance of building plans with existing building regulations
- ✓ Risk-based or phased structural safety inspections required
- ✓ Requirement of final inspection as per the legislation
- ✓ Materials (i.e., asbestos) required to be inspected/tested by law
- ✓ Liability for structural flaws/problems defined by law
- ✗ Professionals in charge of supervising construction are required to have a university degree (architect or engineer), have years of practical experience, and be registered with the professional association, but passing a certification exam is not required.
- ✓ Ability to dispute building permit decisions with the permit-issuing authority

37.5/37.5 Building energy standards

Legally required:

- ✓ Minimum energy efficiency performance standards
- ✓ Proof of compliance with energy efficiency performance standards required for building permit
- ✓ Verification of energy efficiency performance standards
- ✓ Incentives to promote green building standards

25/25 Zoning and land use regulations

Legally required planning tools for land development:

- ✓ Requirements for trunk infrastructure service access (water, electricity, sanitation)
- ✓ Maps identifying areas allocated to residential, commercial, agricultural, recreational, public/institutional, and mixed use
- ✓ Hazard maps identifying areas in which building is not permitted due to natural hazards
- ✓ Hazard maps identifying minimum separation between residential and hazardous occupancies
- ✓ Maps identifying areas in which building is not permitted owing to preservation of natural resources

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Building Permitting in Portugal

Pillar II: **Quality of Public Services and Transparency of Information for Building Permitting (1/3)**

Portugal score: **33.3** (3 cities) to **83.3** (Lisbon, Porto) out of 100 points

Availability and reliability of online services: The level of digitalization of the building permitting process varies substantially across Portuguese cities.

Availability and reliability of digital services	Lisbon	Porto	Ponta Delgada	Braga	Coimbra	Évora	Faro	Funchal
• Online platform for issuing building authorizations	✓	✓	✗	✗	✗	✗	✗	✗
• Online platform integrating all relevant authorizations from agencies outside of the planning/building departments	✗	✗	✗	✗	✗	✗	✗	✗
• Online permitting systems with several functionalities:								
• Online payment	✓	✓	✓	✓	✓	✗	✗	✗
• Online communication	✓	✓	✗	✗	✗	✗	✗	✗
• Online notification	✓	✓	✓	✗	✗	✗	✗	✗
• Online submission	✓	✓	✓	✓	✓	✗	✗	✗
• Auto-generated checklist	✓	✓	✗	✗	✗	✗	✗	✗
• Online permitting systems to issue building and occupancy permits	✓	✓	✗	✗	✗	✗	✗	✗
• Online filing of disputes on building permits	✗	✗	✗	✗	✗	✗	✗	✗

✓ Aspects in line with internationally recognized good practices ✗ Aspects not in line with internationally recognized good practices

Building Permitting in Portugal

Pillar II: **Quality of Public Services and Transparency of Information for Building Permitting (2/3)**

Portugal score: **33.3** (3 cities) to **83.3** (Lisbon, Porto) out of 100 points

Transparency of information: Braga, Coimbra, Faro, Lisbon, and Porto are the Portuguese cities with the highest number of internationally recognized good practices on transparency of information.

Évora, Funchal, Punta Delgada: **33.3/40**

5 cities: **38.3/40**

Transparency of information

All cities:

- ✓ Public accessibility to planning and building control regulations
- ✓ Public online availability of requirements to obtain building-related permits
  - ✗ No list of preapprovals required from specialized agencies
  - ✓ List of documents to obtain a building permit
  - ✓ List of documents to obtain an occupancy permit
- ✓ Public availability of official, updated online statistics tracking the number of building permits issued
- ✓ Clear, defined steps to modify zoning/land use plan
- ✓ Online verification of adherence to zoning regulations by the developer

Braga, Coimbra, Faro, Lisbon, Porto:

- ✓ Up-to-date fee schedules available online
- ✓ Availability of updated city masterplan/zoning plan

Funchal:

- ✗ No up-to-date fee schedules available online
- ✓ Availability of updated city masterplan/zoning plan

Évora, Ponta Delgada:

- ✓ Up-to-date fee schedules available online
- ✗ No availability of updated city masterplan/zoning plan

What to improve:

- Despite the online availability of documents required to obtain building and occupancy permits across all benchmarked cities, developers do not have access to a comprehensive list of preapprovals to be obtained from utilities for permit applications. Public online availability of these requirements would make the process more transparent and predictable.
- Despite the online availability of fee schedules in all cities, the information is not up-to-date or easy to verify. Builders face uncertainties due to the complexity of the formulas for calculating building permit fees. Lisbon and Porto offer online simulators to determine building permit fees. There is room for improvement in other cities* through the adoption of a building permit fee simulator.

*Other cities, such as Faro, only offer an online fee simulator for municipal urban planning fees (https://balcao.cm-faro.pt/menu/1483/urbanismo).

✓ Aspects in line with internationally recognized good practices ✗ Aspects not in line with internationally recognized good practices

Building Permitting in Portugal

Pillar II: **Quality of Public Services and Transparency of Information for Building Permitting (3/3)**

Portugal score: **33.3** (3 cities) to **83.3** (Lisbon, Porto) out of 100 points

The interoperability of services varies across the benchmarked cities.

Lisbon, Porto: **20/20** Braga: **10/20** 5 cities: **0/20**

Interoperability of services	Lisbon	Porto	Braga	Coimbra	Évora	Faro	Funchal	Ponta Delgada
• Availability to all stakeholders of spatial plans and zoning requirements in the form of a GIS or other spatial data platform from a central location and valid for official procedures	✓	✓	✓	✗	✗	✗	✗	✗
• Integration of GIS or national spatial platforms between the permit-issuing agency and other stakeholder agencies	✓	✓	✗	✗	✗	✗	✗	✗

What to improve: Although all Portuguese cities provide online access to urban plans and zoning requirements, there is a need to ensure the availability of a GIS or other spatial data platform from a central location that is valid for official purposes in the majority of cities benchmarked. Additionally, there is room for improvement to integrate legally valid geospatial data among the permit-issuing agency (municipality) and other stakeholder agencies involved in the building permitting process, (i.e., Cadaster, land registries, municipal departments, utility service providers, etc.). This interoperability would streamline the process and allow all stakeholders to have all the information they need in one centralized online location.

✓ Aspects in line with internationally recognized good practices ✗ Aspects not in line with internationally recognized good practices

Building Permitting in Portugal

Pillar III: **Operational Efficiency of Building Permitting (1/3)**

Pillar III: Operational Efficiency

Score:

29 to **49.5**/100

Lisbon Ponta Delgada

- In Portugal, national building laws establish overarching guidelines, allowing local authorities to adjust national building regulations to local considerations within the limits provided in the national legislation. The autonomous regions of the Azores and Madeira have legislative powers to adapt the national building regime and to create complementary legislation.
- Builders obtain the approval of the architectural design and of the engineering project before applying for a building permit.
- Licensed private experts or companies, who sign liability declarations, play a significant role in supervising both design and construction stages. The building and occupancy permits are granted by the municipality based on these declarations.

How does building permitting work in Portugal

Source: Subnational Business Ready

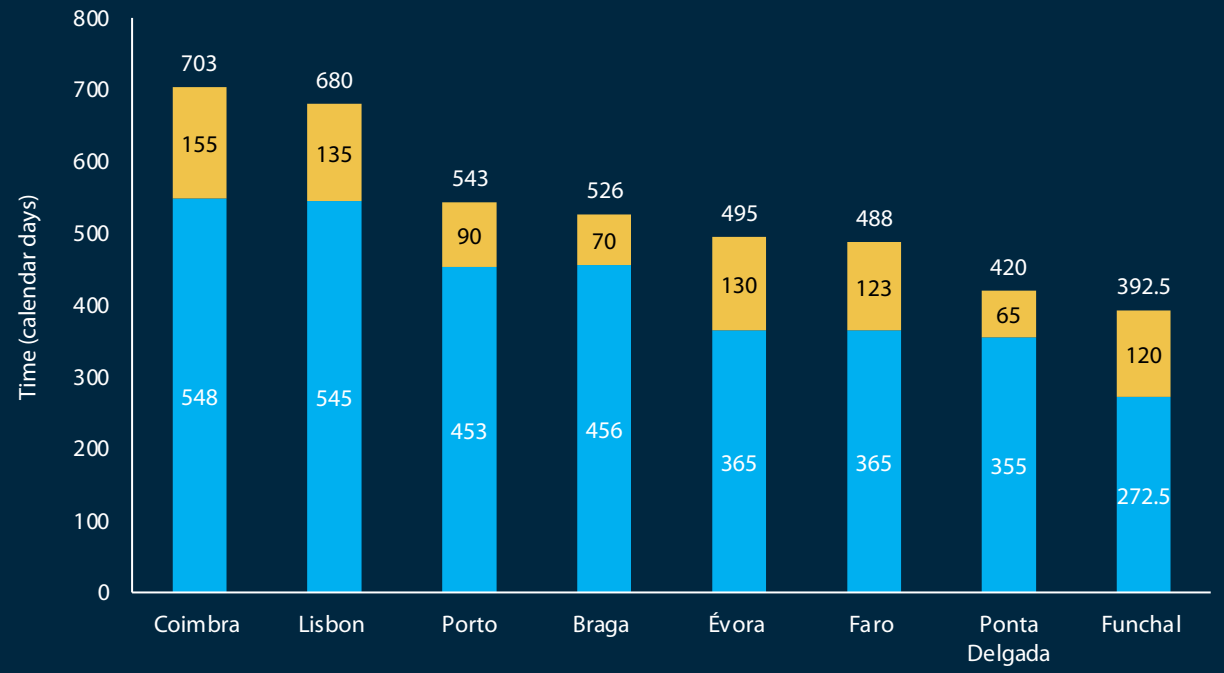
*In the autonomous regions of the Azores and Madeira, the approval is obtained from the respective regional authorities.
Note: The steps shown are common to all cities benchmarked. Procedures administered by national agencies are in some cases completed (or performed) at local branches of these national agencies.

Building Permitting in Portugal

Pillar III: **Operational Efficiency of Building Permitting (2/3)**

- Among the eight benchmarked cities, the process of obtaining a building permit is easiest in Funchal, where it takes nine months. The process is most difficult in Coimbra and Lisbon, taking approximately a year and a half.
- Entrepreneurs applying for building permits across the country have pointed to delays in completing the building permit process due to the lengthy architectural project approval process. Local regulations for urbanization and building construction are difficult for entrepreneurs to navigate, often leading to errors in project documentation that cause substantial delays in the permitting process. Delays are also commonly due to external agencies' inputs requested by developers or municipalities.
- After the architectural project is approved, developers have six months to submit the engineering designs. Once the municipality carries out an administrative check of the engineering designs, entrepreneurs can apply for the building permit.
- Municipalities previously had 45 working days to deliberate on an architectural project. Recent changes dictated by SIMPLEX 2024 (Decree-Law No. 10/2024) extend the approval of projects to 150 days for gross construction areas between 300 and 2,200 m^2, and 200 days for projects exceeding this threshold. Tacit approval time is calculated from the time the developer submits the application. Additionally, the building permit title is eliminated and replaced by a payment receipt.
- After construction is completed, developers must obtain an occupancy permit. The building can be legally used only after the occupancy permit is issued. The time it takes to obtain an occupancy permit varies across the country, from approximately two months in Ponta Delgada and Braga to over five months in Coimbra. As of January 2024, with SIMPLEX, the occupancy permit is no longer required.

Obtaining a building permit takes more than a year in Funchal and almost two years in Coimbra



Source: Subnational Business Ready

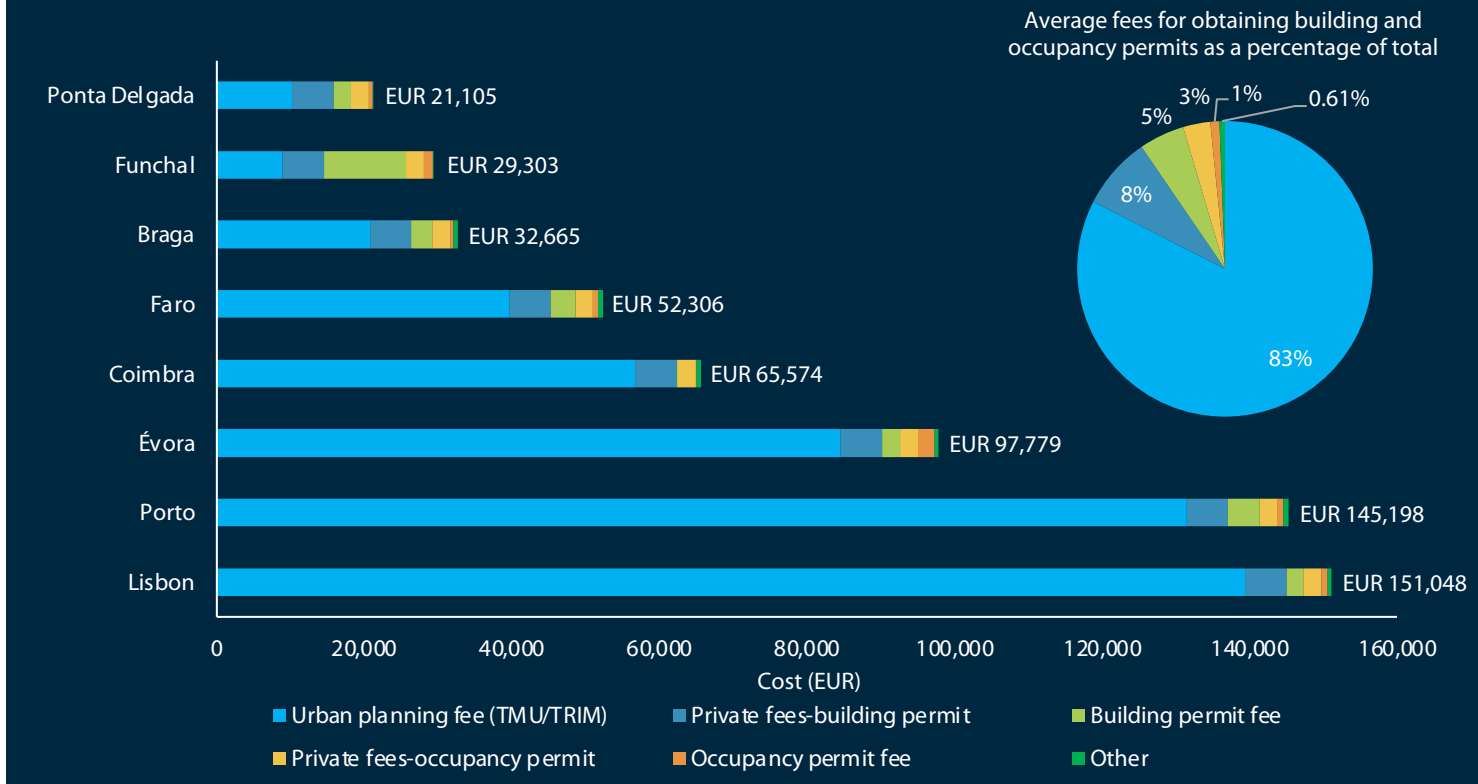
Note: The total time to obtain a building permit and an occupancy permit includes all steps officially required and/or commonly done in practice to obtain the permits as of December 2023.

Building Permitting in Portugal

Pillar III: **Operational Efficiency of Building Permitting (3/3)**

- Among the Portuguese cities, the cost to obtain a building permit is less expensive in Ponta Delgada and more expensive in Lisbon. Differences among cities stem largely from municipal urban planning fees (known as TMU/TRIU/TRIM), which make up the bulk of the cost. These fees are the main driver of subnational variations.
- The urban planning fee is determined independently by each municipality and is used for the construction and maintenance of urban infrastructure in the area affected by the construction project. The fee ranges from as low as EUR 10,229 in Ponta Delgada to more than ten times as much in Lisbon at EUR 139,320. Developers across the benchmarked cities are required to pay this fee at the moment the developer requests the issuance of the building permit to start construction.
- The building permit fee, which is also determined at the local level, is another source of variation. It is based on the floor area and length of construction works. Entrepreneurs constructing an office building, like the one considered for this study, can expect to pay anywhere from EUR 210 in Coimbra to EUR 11,131 in Funchal. In the other six cities benchmarked, this fee averages around EUR 2,934.
- Additional sources of variation include the occupancy permit fee, the water consent fee, and the fire protection fee. These represent approximately 2% of the total cost.

Urban planning fees (TMU/TRIU/TRIM) on average account for nearly 83% of the total cost to obtain building and occupancy permits in Portugal



Source: Subnational Business Ready

Building Permitting in Portugal

Areas of improvement for Building Permitting (1/3)

Harmonize requirements and simplify construction permitting legislation

Construction regulation in Portugal is highly fragmented. Developers have to consult numerous laws, regulations, and websites to identify the documentation required for a building permit application, as well as the construction standards they must follow. In the absence of standard references, building professionals, developers, and investors experience regulatory uncertainty, complicating the permitting process. Streamlining all such information and making it easily available would reduce the time needed for document preparation and review.

In addition to the text of the regulations themselves, exhaustive but easy-to-follow guidelines should be provided to cover key steps, the agencies involved, documentation requirements, and the certificates, permits, and approvals required, along with corresponding timeframes and fees. Some countries centralize the relevant documents for getting a construction permit on a single website, providing users with targeted and comprehensive information. In Finland, for example, the "Lupapiste" platform (https://www.lupapiste.fi) provides detailed information on the requirements and the process surrounding permit applications. The Hungarian "e-epites" platform (https://www.e-epites.hu/) has a similar function, allowing developers to review the requirements and legislation governing different aspects of construction permitting. Porto has come up with a different solution—a detailed online manual for going through the construction permitting process, complete with process maps that cover a variety of possible scenarios.[44] Other Portuguese cities could follow this example.

Relevant stakeholders: Ministry of Infrastructure and Housing; Administrative Modernization Agency, I.P. (AMA); Regional Coordination and Development Commission (CCDR); Ministry of Territorial Cohesion; municipalities

44 Porto, Direção Municipal do Urbanismo, 2022.

Building Permitting in Portugal

Areas of improvement for Building Permitting (2/3)

Review and simplify the cost structure for building permits

In Portugal, building permit fees are established at the local level by municipalities and depend, among other factors, on the floor area and length of construction works, varying significantly across the benchmarked cities. Portugal could explore ways to simplify and standardize these fees by setting their value on the cost of the service provided. A common good practice is to charge small fixed fees for simple projects that present a negligible risk to public health and safety.[45] These fees should not be so low they fail to cover costs or so high they impose an undue burden on small projects.

In many reforming economies, building permit fees are no longer based on collecting additional revenue but on recovering costs for the service provided. In New Zealand, fees are set at a level to cover the costs associated with the review of plans and any inspections, along with overhead costs. Hungary no longer charges a fee for the building permit but, rather, a fixed fee for each review required. For example, for the type of office considered for this study, Hungarian cities would require the National Directorate General for Disaster Management to review the documentation for water management and water protection (at a cost of HUF 14,000 or EUR 36) and for fire protection (no cost). For constructions that might have an environmental impact, which is not the case in this study, the Department of Environment, Nature Protection and Waste Management of the Government Office charges an environmental fee for construction (HUF 14,000 or EUR 36).

Portugal could also consider ways to reduce the burden on entrepreneurs for infrastructure development. Urban development fees used for the construction and maintenance of urban infrastructure could be reduced by charging them over a wider base of existing and potential investors, rather than levying them solely on the developer of the proposed building site.

Relevant stakeholders: Ministry of Infrastructure and Housing; Administrative Modernization Agency, I.P. (AMA); Regional Coordination and Development Commission (CCDR); municipalities

45 Moullier and Krimgold, 2015.

Building Permitting in Portugal

Areas of improvement for Building Permitting (3/3)

Introduce and improve electronic platforms for the building permitting process

Electronic permitting systems are becoming increasingly common in Europe, and the European Commission has defined electronic application for building permission as one of the primary e-government services. Digitalization of the construction permitting process varies widely across the country. Lisbon and Porto have a fully functional and widely used electronic application system, equipped with tracking and status report tools. The digitalization of the building permitting system is either non-existent or rudimentary in Évora, Faro or Funchal. Developers must submit all building permit applications on paper or by USB flash drive/CD ROM to the municipal building authority. The electronic systems in the rest of the Portuguese cities benchmarked allow developers to submit building permit applications electronically to the municipal building authority, but not to interact electronically during the review process. Nor do they issue the permits online.

At the subnational level, Portuguese cities can look to the experience of Porto and Lisbon municipalities with creating IT systems. The improvement and replication of digital platforms for building permitting across Portugal would reduce the complexity associated with architectural and engineering project approvals, the documentation required for the building permit application, as well as adherence to construction standards. IT training, peer-to-peer learning events and workshops, and cost-benefit analyses—accompanied by strong political will and a commitment at the local, regional, and national levels—will need to be rolled out for Portugal to complete its digital transformation.

Following the approval of SIMPLEX 2024, a committee is developing an interoperable national construction permit platform (PEPU). PEPU would eventually allow requests to be submitted through a Building Information Modelling (BIM) format, with automated verification of project compliance with the current legislation. Portugal could look at the example of countries that have already put in place a single, national fully computerized building permitting system. Developers in Estonia, for example, can complete their building permit applications online at http://www.ehr.ee/. Croatia has set up an electronic system (e-Permit) for entrepreneurs to submit applications for building and use permits (https://dozvola.mgipu.hr/naslovna). In Hungary, applications are submitted through the ÉTDR platform (https://www.e-epites.hu/etdr), along with all technical and architectural plans. The building department then asks other authorities to review and approve the plans through the system. The platform can also be used to request an occupancy permit. Hungary also introduced an e-construction log system. Every construction project must be registered through this system by the construction company, which is required to update the log daily with the type of work completed at the site, the number of people who worked, and the latest certificates on waste removal. Once construction is completed, the company closes the log and uploads the relevant documents. This serves as notification to the building department of the completion of construction.

Relevant stakeholders: Ministry of Infrastructure and Housing; Administrative Modernization Agency, I.P. (AMA); Regional Coordination and Development Commission (CCDR); municipalities

3.2 Environmental Permitting in Portugal

Pillar I: Regulatory Framework

Score (all cities):
90/100

Pillar II: Public Services

Score: **50** (Funchal, Ponta Delgada) to **75**/100 (6 cities)

Pillar III: Operational Efficiency

Time (days):
24 (Ponta Delgada) to **35** (7 cities)

Cost (% of income per capita*):
No cost (all cities)

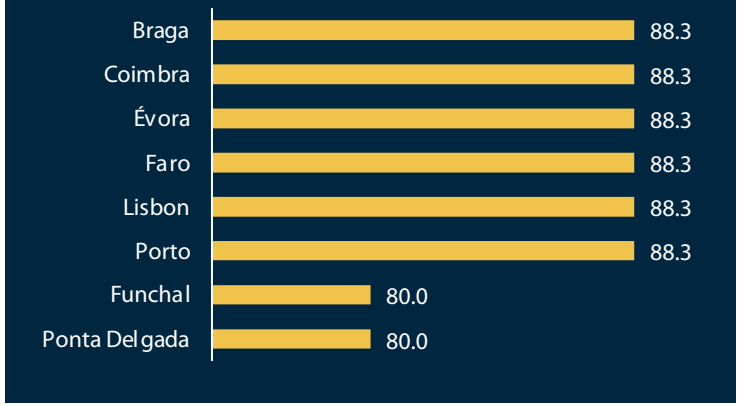
Score (all cities):
100/100

*Portugal's 2021 GNI per capita is EUR 20,199

Main findings

- Portugal's environmental legislation is the same across the country, except for the Autonomous Region of the Azores, which has established its own set of environmental laws and regulations (Regional Legislative Decree No. 30/2010/A of November 15). The region has integrated the primary national laws adopted by Portugal; thus, regulatory standards benchmarked by this study (Pillar I) are upheld uniformly across the country.
- Variations in the availability of online services (Pillar II) are found when comparing Ponta Delgada and Funchal, the capitals of the autonomous regions of the Azores and Madeira, respectively, with the rest of the country. Entrepreneurs in continental Portugal can use SILiAmb, the Integrated Environmental Permitting System for licensing processes managed by the Portuguese Environment Agency (APA). An electronic platform has not yet been developed in Funchal and Ponta Delgada.
- There is variation in the efficiency of environmental permitting in practice (Pillar III) among the cities benchmarked. Ponta Delgada stands out for offering the fastest environmental clearance process (24 days). The same process takes 35 days in the rest of the country. Across the country, there are no costs associated for the environmental clearance process analyzed.

Overall Environmental Permitting score per city*



Source: Subnational Business Ready *Scale from 0 to 100 (higher = better)

Environmental Permitting in Portugal

Why is environmental permitting important?

- Choosing the right location is pivotal in determining the success of businesses even in the digital age. In addition to access to customers, labor, and transportation, the physical space of a business also determines the tax, regulatory, and environmental obligations firms face.[46]
- Clear and accessible environmental regulations can address concerns without burdening firms with unnecessary compliance.
- A sound and robust environmental framework for construction projects plays a vital role in sustainable construction by identifying and addressing potential environmental impacts beforehand.
- Good regulatory practices and transparency of information for environmental permits enhance safety mechanisms and the green building industry, minimize information gaps, and foster accountability.

46 Carlson, 2000.

What does the Environmental Permitting topic measure?

Pillar I: Regulatory Framework

Quality of regulations for environmental permitting

- Environmental clearances for construction
- Dispute mechanisms for environmental clearances for construction

Pillar II: Public Services

Quality of public services and transparency of information for environmental permitting

- Availability of online services for environmental permitting
- Transparency of online information regarding environmental licenses

Pillar III: Operational Efficiency

Operational efficiency of environmental permitting

- Time to obtain environmental clearances for construction
- Cost to complete environmental clearances for construction

For more information, please refer to the *Business Ready Methodology Handbook:* https://www.worldbank.org/en/businessready

Environmental Permitting in Portugal

Pillar I: **Quality of Regulations for Environmental Permitting**

Portugal score (all cities): **90** out of 100 points

40/50 Environmental permits for construction

- ✓ Existence of national environmental regulations during construction
- ✓ Updates or revisions of national regulations to reflect recent environmental and technological innovations in construction
- ✓ Penalties or fines in place for non-compliance with the regulations
- ✓ Clearly defined environmental risks in the legal framework
- ✗ No legal requirement to use qualified professionals/agencies to conduct environmental impact assessments (EIAs)
- ✓ Specific criteria to trigger an EIA stipulated in the legal framework
- ✓ Mandatory requirements for an EIA process included in the legal framework
- ✓ Public consultations with concerned stakeholders mandated by law
- ✗ No independent external review for EIA compliance provided in the legislation
- ✗ No activities and approaches that facilitate the contribution of interested parties to the decision-making process

50/50 Dispute mechanisms for construction-related environmental permits

- ✓ Ability to dispute environmental clearances and permits with the permit-issuing authority
- ✓ Availability of out-of-court resolution mechanisms for environmental disputes

What to improve: Portugal's approach to EIAs could be bolstered by the following enhancements to its legal framework: (i) a legal requirement specifying the type of qualified professionals or agencies to conduct EIAs; (ii) an independent external review for EIA compliance; and (iii) activities and approaches that facilitate the contribution of interested parties to the decision-making process (such as surveys and polls to capture inputs and feedback from concerned stakeholders, training, resources, and technical assistance to project-affected parties).

RELEVANT LAWS AND REGULATIONS:

- Continental Portugal and Madeira (Funchal): Decree-Law No. 11/2023 of February 10
- The Azores (Ponta Delgada): Regional Legislative Decree No. 30/2010/A

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Environmental Permitting in Portugal

Pillar II: **Quality of Public Services and Transparency of Information for Environmental Permitting (1/2)**

Portugal score: **50** Funchal, Ponta Delgada to **75** 6 cities out of 100 points

Availability and reliability of digital services

All cities:

✗ No online filing of disputes on environmental clearances in construction

Continental Portugal:

✓ Online environmental permitting systems with several functionalities:
- ✓ Online payment
- ✓ Online communication
- ✓ Online notification
- ✓ Online submission
- ✓ Auto-generated checklist to assist applicants

Funchal, Ponta Delgada:

✗ No online environmental permitting system

Transparency of information

✓ Requirements to obtain environmental licensing for constructing a building with a moderate environmental risk are available online

✓ Up-to-date fee schedule for obtaining environmental clearances is available online

✓ Aspects in line with internationally recognized good practices ✗ Aspects not in line with internationally recognized good practices

Environmental Permitting in Portugal

Pillar II: **Quality of Public Services and Transparency of Information for Environmental Permitting (2/2)**

Portugal score: **50** Funchal, Ponta Delgada to **75** 6 cities out of 100 points

Online services offered for full environmental impact assessments in continental Portugal

In the six benchmarked cities in continental Portugal—Braga, Porto, Coimbra, Faro, Lisboa, and Évora—developers can conduct a self-assessment of the project using the Portuguese Environmental Agency's (APA) SILiAmb simulator, an online tool that determines the necessity for further environmental evaluation.

The simulator classifies the project and directs the developer to one of three outcomes: no further action needed, a case-by-case analysis, or a full EIA. In cases where a full EIA is required, the developer in continental Portugal submits the required documents through the SILiAmb platform to the corresponding environmental authority to conduct the EIA. In Funchal (Madeira) and Ponta Delgada (the Azores), the environmental permitting process is conducted entirely in person or by email as there are no electronic platforms available for environmental assessments or clearances.

What to improve:

- The Regional Secretariat for Environment, Natural Resources, and Climate Change in Madeira (Funchal) and the Regional Secretariat of Environment and Climate Action in the Azores Islands (Ponta Delgada) could consider digitalizing the environmental permitting process.
- Agencies responsible for environmental protection across the country could consider offering an online option to dispute environmental clearances and permits with the permit-issuing authority. This could further streamline the process and improve accessibility for stakeholders.

Environmental Permitting in Portugal

Pillar III: **Operational Efficiency of Environmental Permitting**

Portugal score (all cities): **100** out of 100 points

How does the environmental clearance process work in Portugal

Across the country, a project to construct a residential building not located in a sensitive area, as described by the *Subnational Business Ready* report, requires developers to submit the relevant project documentation to the licensing entity (the municipality) to obtain an environmental decision. Upon receiving the licensing or authorization request, municipal authorities must ensure that all environmental regulations are thoroughly considered and make a decision on whether an environmental impact assessment (EIA) is required. To determine the necessity of an EIA for the project type considered for this study, the law requires a case-by-case analysis in continental Portugal and Madeira, and a screening decision in the Azores. Typically, the final decision across the country is that this kind of project would not require a full EIA.

As part of the environmental clearance process, the municipalities can consult with environmental authorities, which differ according to the project's city. In continental Portugal, they are the corresponding Regional Coordination and Development Commission (CCDR); in Madeira, the Regional Secretariat for Environment, Natural Resources, and Climate Change; in the Azores, the Regional Secretariat of Environment and Climate Action.

In continental Portugal and Madeira, the municipality has 25 working days or 35 calendar days to conduct a preliminary assessment and make a decision on whether the project requires an EIA. The entire process typically takes 35 days as legislated. Failure to comply with the timeframes may result in tacit approval, particularly for projects in non-sensitive areas. In the Azores, the legal framework does not define a time limit for the decision. In practice, the process takes approximately 24 days.

The environmental clearance process

Obtain a decision from the licensing entity

- Continental Portugal and Funchal (Madeira): 35 days
- Ponta Delgada (the Azores): 24 days

Source: Subnational Business Ready

Environmental Permitting in Portugal

Areas of improvement for Environmental Permitting

Standardize and formalize the qualifications for EIA professionals

To enhance the integrity and reliability of environmental impact assessments (EIAs) across Portugal, there is a pressing need to standardize and formally recognize the qualifications of EIA professionals. The current voluntary qualification system, promoted by the APAI, lacks formal recognition by the Portuguese Environmental Agency (APA). Implementing a formal qualification system that is recognized nationally would ensure that EIAs are conducted by adequately trained and certified professionals, leading to more consistent and reliable environmental assessments. This move would also support interdisciplinary coordination and improve the overall quality of environmental governance.

Relevant stakeholders: Portuguese Environmental Agency (APA); Regional Coordination and Development Commission (CCDR)

Improve coordination and consistency in environmental permitting and building permit integration

Despite recent decentralization efforts that have shifted more authority to CCDRs, significant inconsistencies remain in how environmental clearances in construction and building permits are integrated. This is partly due to the lack of clear communication protocols and adherence to changing legislation. To address this, it is crucial to establish clearer guidelines and more robust coordination mechanisms between the RJAIA (Legal Framework for Environmental Impact Assessment) and the RJUE (Legal Framework for Urban Planning and Building Construction). Enhancing the SIRJUE *(Sistema de Informação de Regime Jurídico da Urbanização e Edificação*) platform, the online government portal that supports building licensing, to include features that facilitate the seamless integration of environmental and building permits could streamline processes and reduce discrepancies in how regulations are applied at the subnational level. This improvement would not only expedite the permitting process, but also ensure that environmental considerations are adequately incorporated into urban planning and building construction across all regions.

Relevant stakeholders: Portuguese Environmental Agency (APA); Regional Coordination and Development Commission (CCDR); Administrative Modernization Agency, I.P. (AMA); municipalities

3.3 Property Transfer in Portugal

Pillar I: Regulatory Framework

Score (all cities):
92.5/100

Pillar II: Public Services

Score:
40.7 (Évora) to **45.7** (7 cities)/100

Pillar III: Operational Efficiency

Time (days): **44** (Lisbon) to **83** (Ponta Delgada)

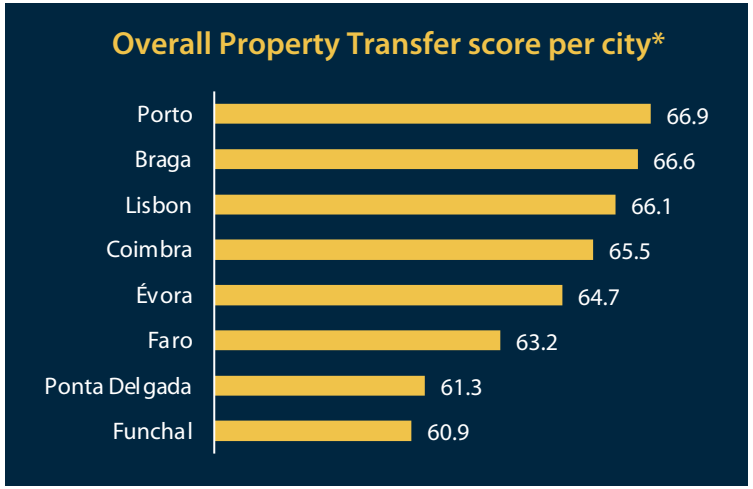
Cost (% of property value*): **7.4%** [EUR 150,357 (in seven cities), EUR 150,472 (Ponta Delgada)]

Score:
44.7 (Funchal) to **62.7** (Porto) /100

*For a property value of EUR 2,019,886, equal to 100 times the 2021 GNI per capita. Portugal's 2021 GNI per capita is EUR 20,199

Main findings

- Portugal features many regulatory (Pillar I) and public sector (Pillar II) good practices in land administration such as legal obligations to register property transactions, guarantee registered titles, and verify the documents and identities of parties.
- However, the country requires significant improvement in some respects; notably regarding cadastral surveying of territory and interoperability between the Land Registry's and the Cadaster's databases, and with other agencies.
- The main steps for registering a property transfer are the same throughout the country, the only exception being Ponta Delgada, which requires an additional preliminary step (termite inspection certificate) (Pillar III).
- The time it takes to complete the final step of registering the sale deed at the Land Registry is the major driver of variation between the cities.
- *Casa Pronta*, a one-stop-shop service developed to streamline property transfer, failed to be adopted on a large scale. After an initial increase in uptake of the service, its usage has declined steadily over the years.



Source: Subnational Business Ready *Scale from 0 to 100 (higher = better)

Property Transfer in Portugal

Why is property transfer important?

- Secure property rights encourage investment, promoting a safe commitment to immovable property.[47]
- Looking at how well property rights are managed provides a good indication of how the economy is likely to grow.[48]
- Effective land administration reduces information asymmetry, enhances market efficiency, and ensures transparency of property ownership.
- Promoting good governance in the land administration system encourages publicly accessible laws on ownership and leasing, secure land tenure, and safeguards and service standards to avoid the risk of land disputes and corruption.
- Integration of land registry with the cadastral system facilitates reliable and up-to-date land use records and is of vital importance for land management.

47 De Soto, 2000. Johnson, McMillan, and Woodruff, 2002.
48 Field, 2007; Green and Moser, 2013.

What does the Property Transfer topic measure?

Pillar I: Regulatory Framework

Quality of regulations for property transfer and land administration

- Property transactions and land administration
  - Property transaction standards
  - Land disputes resolution mechanisms
  - Land administration systems
- Restrictions on owning and leasing property for domestic and foreign firms

Pillar II: Public Services

Quality of public services and transparency of information for property transfer

- Availability and reliability of online services for property transactions
- Interoperability of services for property transactions
- Transparency of information for immovable property

Pillar III: Operational Efficiency

Operational efficiency of property transfer

- Time to complete the registration of a transfer of rights on a property between two firms
- Cost to complete the registration of a transfer of rights over property between two firms
- Major constraints on access to land

For more information, please refer to the *Business Ready Methodology Handbook:* https://www.worldbank.org/en/businessready

Property Transfer in Portugal

Reforms and changes in the property registration process since 2018

A new Cadaster regime

- New legislation regulating the Cadaster in Portugal has been in force since November 2023 and introduced comprehensive changes:
  - Unified the National Cadastral Information System and the Cadastral Map, becoming the single, universal register of cadastral buildings.
  - Allows information in the Cadaster to be shared with the Tax Office and the Land Registry, improving the interoperability of services.
  - Increased the number of entities that are now able to promote cadaster operations: municipalities; management bodies of forestry intervention zones and of integrated landscape areas or operations; other entities that carry out land transformation operations (*transformação fundiária*); and coordination and regional development commissions (CCDRs). As such, it promotes the decentralization and sharing of competences.
  - Rural properties located in municipalities under the geometric land registry system and properties under the experimental land registry system are converted to the land registry system (*regime do cadastro predial*).
  - The conservation of the Cadaster will now be promoted by the owner of the building or by Cadaster promoters (for instance the local councils/municipalities), through a professional legally qualified for the purpose, simplifying the registration procedures.
  - Citizens will now interact with the national authority (*Direção-Geral do Território*) through the BUPi (*Balcão Único do Prédio*).

An enhanced legal standing for electronic documents

Decree-Law No.12/2021: Regulates the validity, effectiveness, and probative value of electronic documents, meaning that it:

- Equates the use of a qualified electronic signature with a handwritten signature.
- Creates the presumption that:
  - The person who affixes such an electronic signature is the owner/has sufficient powers to represent the legal person in question.
  - The signature was made with the intention of signing the document in question and ensuring that the document has not changed since the signature.
- Overall, the application of a qualified electronic signature gives an electronic document the probative force of a document signed by hand.

Property Transfer in Portugal

Relevant legislation and main stakeholders

Relevant laws and regulations in Portugal

- **Land Registry Code (*"Código do Registo Predial"*):** the main regulatory instrument governing the management of property registry in Portugal.
- **Civil Code:** provides the overall framework for private law, contracts, property rights.
- **Notarial Code (*"Código do Notariado"*):** establishes the roles and responsibilities of notaries, including their role in ensuring compliance of the deeds with the law.
- **Decree-Law no. 72/2023, of August 23:** establishes the new Cadaster regime ("Novo regime jurídico do cadastro predial"). The National Cadastral Information System and the Cadastral Map become the single, universal register of buildings cadaster.
- **Administrative Procedure Code (*"Código do Procedimento Administrativo"*):** regulates de Public Administration's powers and provides guarantees for private individuals in relation to administrative acts.
- **Decree-Law no. 116/2008, of July 4:** adopts measures to simplify, de-materialize, and eliminate acts and procedures in the Land Registry.
- **Decree-Law no.12/2021, of February 9:** regulates the validity, effectiveness and probative value of electronic documents.
- **Decree-Law no. 322-A/2001, of December 14:** approves the regulation on fees for registries and notaries, including reduced fees for acts carried out electronically.

Public institutions and services for property transfer

- ***Instituto dos Registos e do Notariado* (IRN):** a public institute with jurisdiction over all public registries and notaries. It is under the authority of the Ministry of Justice.
- **Land Registry offices (*"Conservatórias de Registo Predial"*):** public service (under the IRN) where property related information is registered. It publicizes the legal situation of properties ensuring the security of property transactions.
- ***Casa Pronta*:** service (under the IRN) that allows people to deal with various matters related to the purchase and registration of a property at a single moment and through a single counter.
- **Tax Authority:** from which (in each taxpayer's portal) cadastral plans (*"caderneta predial"*) and certificates of non-debt can be retrieved.
- **Directorate-General for the Territory (*"Direção-Geral do Território (DGT)"*):** the national authority for the Cadaster. It is responsible for drawing up, managing and making available the Cadaster map and for regulating, supervising, and overseeing the cadastral activity.
- **BUPi (*"Balcão Único do Prédio"*):** platform aimed at owners of rustic and mixed properties to record and geo-reference properties.
- **Municipalities**: local authorities can also carry out land transformation operations (*"transformação fundiária"*) and can promote cadastral operations alongside the DGT.
- **Notaries:** officially certify the sale and purchase deeds (*"escrituras públicas"*).
- **Lawyers:** since 2008, the sale and purchase of a property can also be valid if formalized through an Authenticated Private Document (*"documento particular autenticado"*) drawn up by lawyers.

Property Transfer in Portugal

Pillar I: Quality of Regulations for Property Transfer and Land Administration

Portugal score (all cities): **92.5** out of 100 points

Property transfer standards

30/30

Requirements related to:

- ✓ Legal obligation to check the legality of registration documents
- ✓ Legal obligation to verify the identity of both parties
- ✓ Registration at Land Registry is mandatory to make the title opposable to third parties
- ✓ Electronic and paper documents have equal legal standing

Land dispute mechanisms

22.5/30

Legal provisions enabling alternative dispute resolution mechanisms between private parties through:

- ✓ Mediation and conciliation for property transactions
- ✓ Arbitration for property transactions

Legal provisions for the security of rights:

- ✓ Registered property rights are subject to a guarantee
- ✗ Lack of an out-of-court compensation mechanism for Land Registry errors

Land administration system

20/20

- ✓ Legal provisions on access to information on property rights
- ✓ Legal provisions on access to information on cadastral maps
- ✓ Existence of a cadastral agency

Restrictions on owning and leasing property

20/20

- ✓ No restrictions to lease or own property for domestic firms
- ✓ No restrictions to lease or own property for foreign firms

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Property Transfer in Portugal

Pillar II: Quality of Public Services and Transparency of Information for Property Transfer

Portugal score: **40.7** Évora to **45.7** 7 cities out of 100 points

Availability and reliability of digital services

8.9/13.3

Digital public services

- ✓ Electronic platform for *due diligence*
- ✓ Electronic platform for transferring property
- ✓ Processes available online for property transfer, except for getting notifications
- ✓ Online complaint mechanism for Land Registry, but responses are not public
- ✗ Information requested online for due diligence purposes is not detailed
- ✗ No online complaint mechanism for the Cadaster

10.7/13.3

Digital land management and identification system

- ✓ The encumbrance checking platform is comprehensive and covers all types of restrictions
- ✓ Majority of titles and cadastral plans are digitalized
- ✓ Cadaster agency uses a mix of direct and indirect methods of cadastral surveying
- ✗ No national database for checking identification

3.3/13.3

Coverage of the land registry and mapping agency

- ✓ All properties are registered in the measured cities
- ✗ Not all properties in the country are registered
- ✗ No complete cadastral coverage at either national or city level

Interoperability of services

7 cities: **5/20** Évora: **0/20**

Interoperability of services for property transfer

- ✓ Geographic Information Systems (GIS) are in place, **except for Évora**
- ✗ No interoperability between the Land Registry's and the Cadaster's databases
- ✗ No interoperability between the Land Registry's database and other services
- ✗ No unique identifier for properties is used by the Land Registry and the Cadaster

Transparency of information

17.8/40

Transparency of information on immovable property

- ✓ The list of requirements for transferring property is published online
- ✓ Fee schedules at the Land Registry and the Cadaster are published online
- ✓ Statistics on number and type of transactions are available
- ✗ No published service standards at the Land Registry or the Cadaster
- ✗ No published statistics on land disputes and the time to solve them
- ✗ No gender-disaggregated data about property ownership

✓ Aspects in line with internationally recognized good practices ✗ Aspects not in line with internationally recognized good practices

Property Transfer in Portugal

Pillar III: **Operational Efficiency of Property Transfer (1/6)**

Portugal score: **44.7** Porto to **62.7** Funchal out of 100 points

How does the property transfer process work in Portugal

Due diligence

All information needed for *due diligence* is available on separate online platforms:

- The property certificate is checked on the *Predial Online* portal for EUR 15.
- Information on outstanding taxes status (*Caderneta Predial*) is available on the Tax Portal.
- Information on the company profile and status is obtained from the Commercial Registry's website.
- Bankruptcy information is retrieved from the *Citius* platform.

The parties can conduct these verifications themselves, but entrepreneurs tend to hire legal professionals to conduct these tasks.

Before moving ahead with the deed, the parties must make a public announcement about the selling of the property to give public authorities the opportunity to exert their preemption right. The ad costs EUR 15 and is published on the *Casa Pronta* platform where it must run for 10 business days. If no public authority expresses its interest, the parties may proceed with the sale. In theory, only properties in areas of special interest are subject to this requirement. In practice, most urban areas fall under this category and legal professionals prefer to publish the ad rather than finding out the status of the property beforehand.

Deed

The parties then meet at the notary's office, where the notary will first authenticate their signatures.

The notary can submit the request for registration (either online or in person) to the Land Registry and pay the respective registration fee and taxes to the Tax Authority (i.e., the transfer tax of 6.5% of the property value for the acquisition of an urban building not intended for residential use, and the Stamp Duty equivalent to 0.8% of the property value). The parties can choose to make the payments themselves.

There is also a less frequently used option to formalize the transfer with a *Documento Particular Autenticado*, that is, through a lawyer, rather than signing a public deed at a notary office.

Registration

Once the deed had been notarized, the registration request can be submitted together with the payment of the registration fee:

- Online, for EUR 225 or
- In person, for EUR 250, at a Land Registry office

Payments can be done either online or by card at the Land Registry.

Registrations filed online go to a national batch from where they will be re-distributed for processing to any Land Registry local office irrespective of the location of the property.

The requests submitted in person are processed at the Land Registry office where they were submitted.

Usage of the online option varies significantly between the cities.

In Portugal there is also the option of using *Casa Pronta* instead of a notary or lawyer. *Casa Pronta* is a one-stop service desk set up by the National Institute for Registries and Notaries, where parties can make an appointment and go only once to sign a standard deed of sale in the presence of a registrar who also conducts due diligence, signature verification, and registration. The entire service is available for a fee of EUR 375. However, the usage of the *Casa Pronta* service has declined significantly over the past years and now represents a very small share of property transfers.

Source: Subnational Business Ready

Property Transfer in Portugal

Pillar III: Operational Efficiency of Property Transfer (2/6)

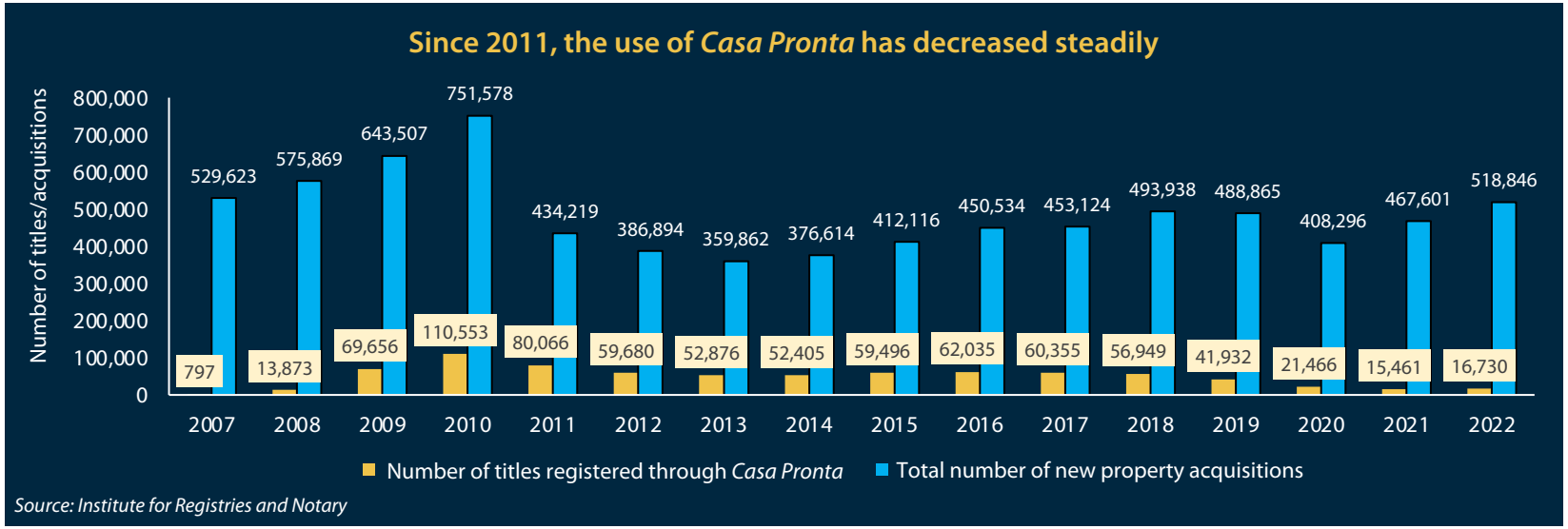
The use of *Casa Pronta* has sharply declined over recent years

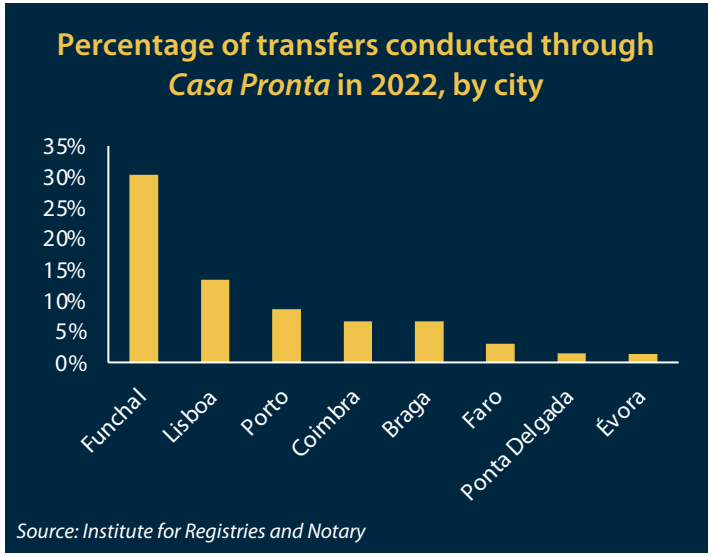
Casa Pronta is a one-stop service desk that was introduced in Portugal in 2007 to make property transfer simpler and faster. It was intended to make the process more flexible by adding a new option for the parties involved in transferring property and, as well as more convenient and accessible. The one-stop shop reduced the process to only one procedure, a scheduled visit to the local *Casa Pronta*, when parties would sign a standard deed with the officer who would then register the transfer.

However, the usage of the service hasc decreased substantially over time compared to its peak years:

- In 2010, a *Casa Pronta* office was registered an average of 320 transfers, while in 2022 the average fell to only 51 transfers.*
- In 2011, 18% of transfers in the country were operated by *Casa Pronta*, while in 2022 only 3% of transfers at the national level were done through *Casa Pronta*, even though the number of offices remained stable.*

This decline is uneven and in some cities the service is used more than in others. For example, in 2022, in Funchal, 962 transfers representing 30% of the city's total transfers were done through *Casa Pronta*. In Évora, by contrast, only 39 registrations were done through *Casa Pronta* representing 1% of the transfers.





*Calculations by the World Bank team based on data provided by the Institute for Registries and Notary and data published on https://estatisticas.justica.gov.pt/sites/siej/pt-pt/Paginas/Atos_registo_predial.aspx

Property Transfer in Portugal

Pillar III: Operational Efficiency of Property Transfer (3/6)

The usage of electronic or in-person submissions varies significantly between the analyzed Portuguese cities

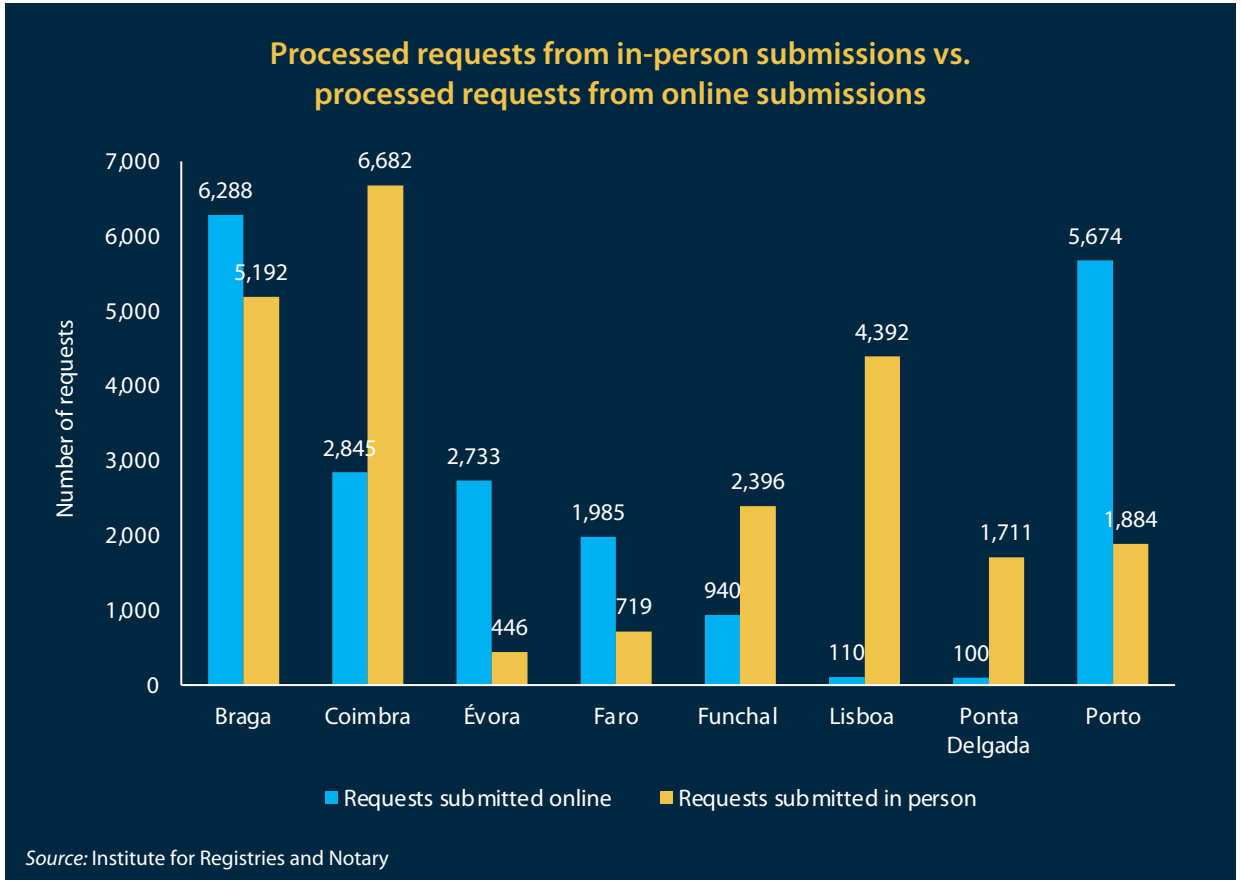
Requests for registration can be submitted online or in person. To stimulate uptake, electronic submissions are slightly cheaper, costing EUR 225, compared to EUR 250 for in-person filings.

Requests submitted electronically are collected in a national batch and redistributed to Land Registry offices from across the country based on their existing workload, not on the location of the property. Hence a request submitted online in Faro can be processed and ruled by a registrar located in any office in Portugal.

In contrast, requests submitted in person are processed in the office where they were filed.

In Braga, Porto, Évora and Faro, the majority of registration requests processed by the respective Land Registries came from online submissions, while a majority of those processed by Land Registry offices in Lisbon, Coimbra, Funchal, and Ponta Delgada were submitted in person.

However, based on the statistics available, it cannot be determined how many of the requests were submitted online in each city and where were they processed. For example, although the office in Lisbon processed several in-person requests, many more could have been filed online and ruled in other cities.



Source: Institute for Registries and Notary

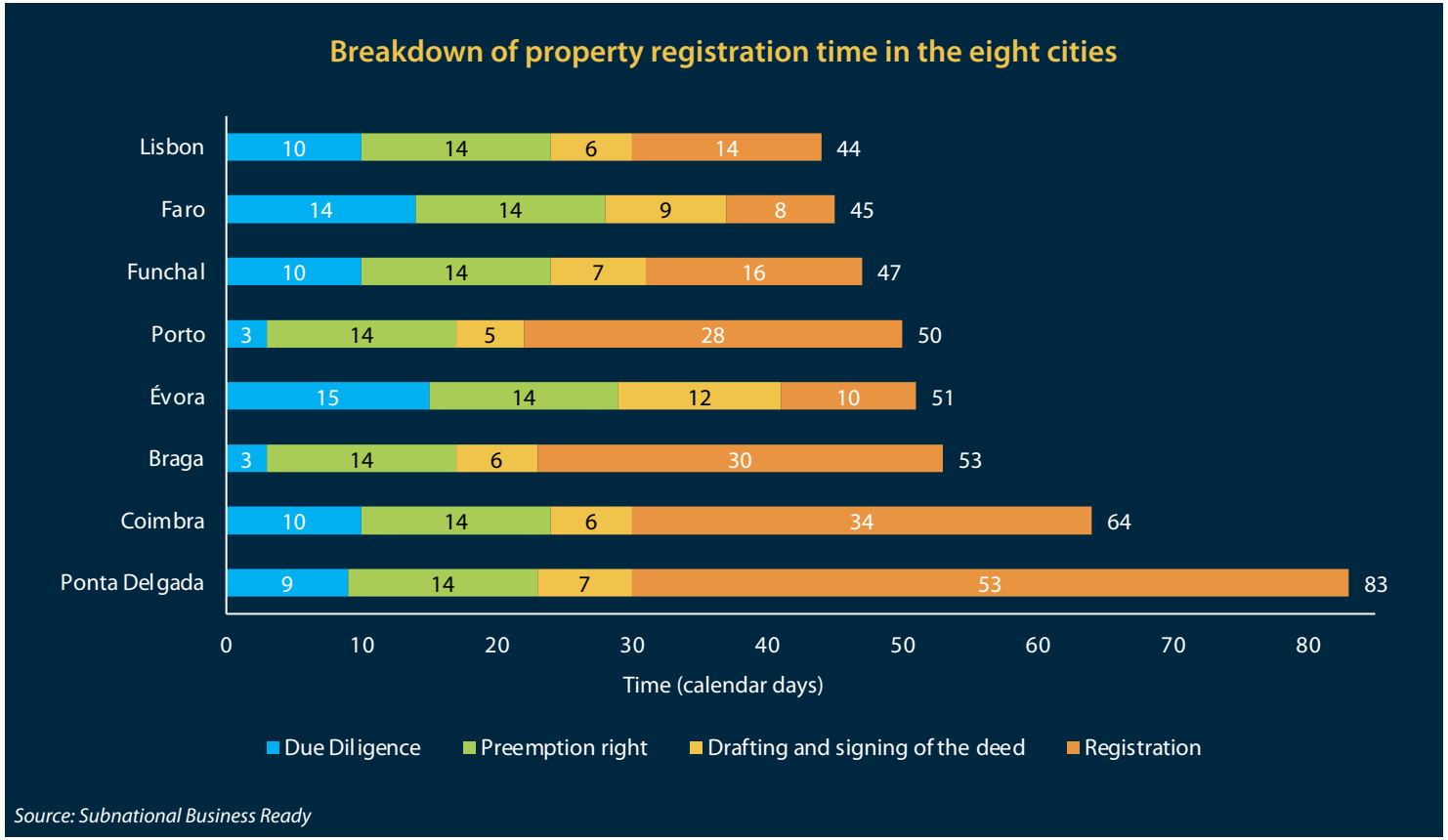
Property Transfer in Portugal

Pillar III: **Operational Efficiency of Property Transfer (4/6)**

Pillar III: **Operational Efficiency**

Time (days): **44** (Lisbon) to **83** (Ponta Delgada)

- The entire property transfer process takes between 44 days in Lisbon and 83 days in Ponta Delgada.
- The difference in time is driven mainly by the **registration of the deed** at the Land Registry. When submitting the registration request **online**, the file is directed to any Registry Office in the country, following an algorithm that takes into account their current workload. However, when submitted **in person**, the process will inevitably be handled within that same Registry Office, which may lead to delays and backlogs. Experts from Ponta Delgada reported a significant slowdown at the local Land Registry in the last year.
- In addition to the regular process, in Ponta Delgada, one additional procedure is required as part of the due diligence process; that is, to have the property inspected by a private expert to ascertain it is not infested with termites. This takes less than one week and adds the inspector fees to the cost.



Source: Subnational Business Ready

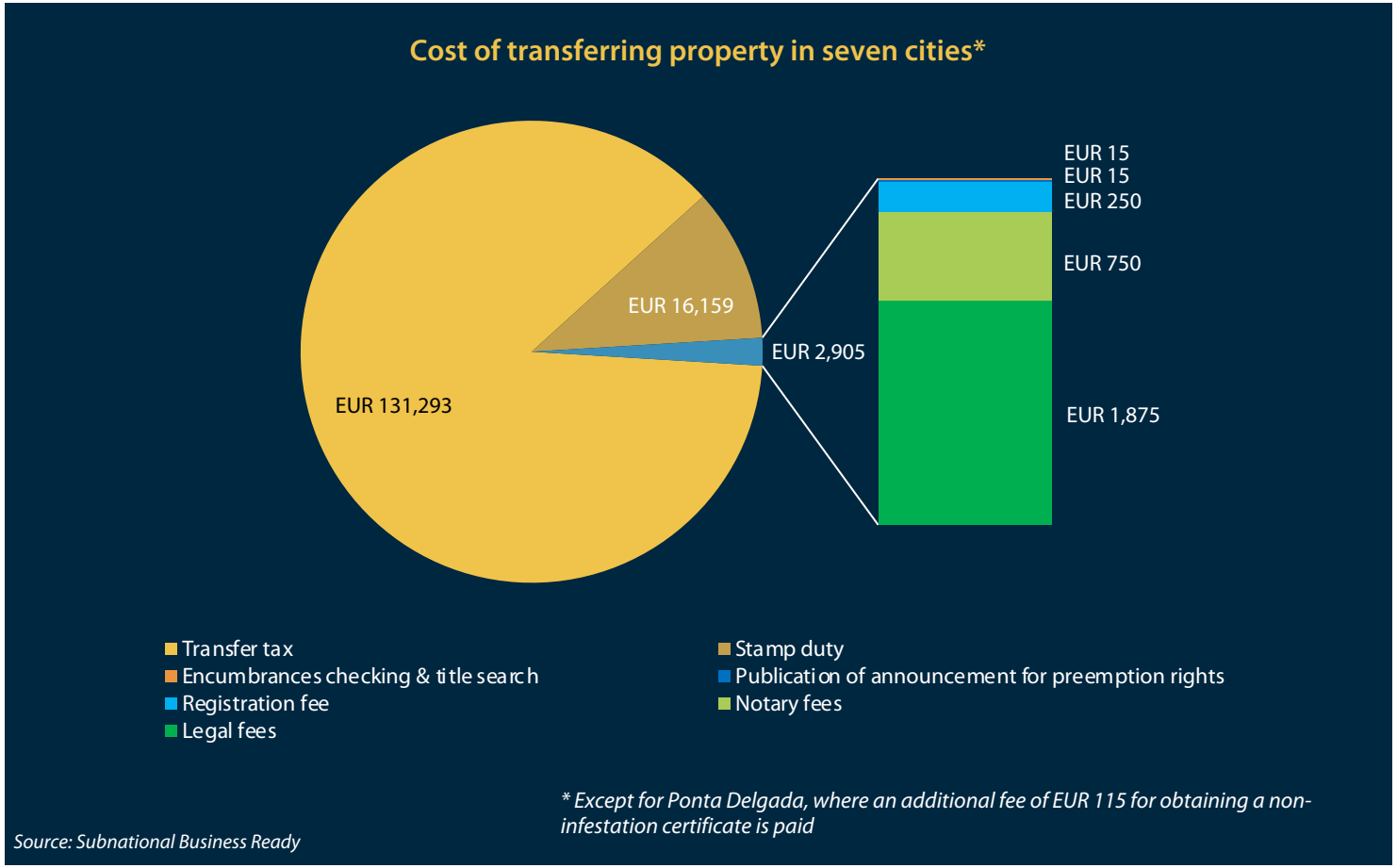
Property Transfer in Portugal

Pillar III: **Operational Efficiency of Property Transfer (5/6)**

Pillar III: Operational Efficiency

Cost (% of income per capita): **7.4%**

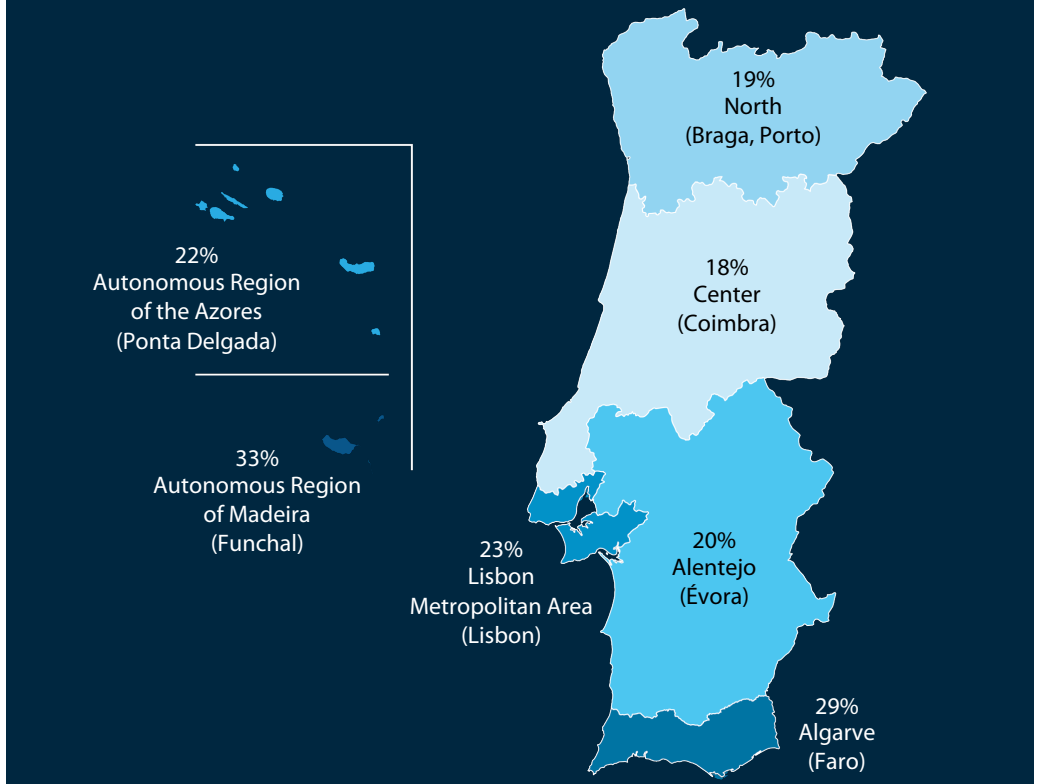
- The **registration costs are almost the same across the country, except in Ponta Delgada,** where an additional EUR 115 is spent by entrepreneurs to comply with the requirement of obtaining a non-infestation certificate from a licensed inspector.
- Besides the registration fee and the applicable taxes, entrepreneurs spend on average around EUR 1,875 on lawyer fees and EUR 750 on notary fees.
- The bulk of the property transfer costs consists of the transfer tax and the stamp duty (6.5% and 0.8% of the property value, respectively).
- The registration fee is the same and varies between EUR 225 for an online submission and EUR 250 for an in-person submission, in all eight cities.



Property Transfer in Portugal

Pillar III: **Operational Efficiency of Property Transfer (6/6)**

Percentage of firms that reported access to land as an obstacle, by region*



Source: World Bank Enterprise Surveys 2023

*NUTS (Nomenclature of territorial units for statistics), https://ec.europa.eu/eurostat/web/nuts/overview

- There is a wide variation between Portuguese regions on how firms experience access to land. In the Autonomous Region of Madeira (Funchal), 33% of firms from reported access to land as an obstacle; almost double compared to Center (Coimbra), with 18% of firms.
- At the national level, 21% of Portuguese firms reported access to land as an obstacle, a percentage significantly higher than some peer countries, such as Bulgaria, Croatia, and Hungary, but on par with Romania.

Percentage of firms that reported access to land as an obstacle (country averages)

Source: World Bank Enterprise Surveys 2023

Property Transfer in Portugal

Areas of improvement for Property Transfer (1/2)

Promote the uptake of digitally submitted registration requests throughout the country, particularly in those cities that lag in this respect

The fee for online submission of a registration request is 10% lower than the submission in-person (EUR 225 compared to EUR 250). Although this incentive seeks to stimulate the uptake of online services, more can be done, such as making online submissions free of charge and conducting a communication campaign to promote the adoption of this option. Online submissions would not only speed up the process but would also provide more flexibility to the system to re-allocate workloads. An important first step would be to track and monitor how many requests are submitted online in every city.

Relevant stakeholders: Institute for Registries and Notary

Assess the reasons for *Casa Pronta*'s usage decline and take measures to address the identified issues

Casa Pronta works as a one-stop shop for property transfers. However, figures indicate a sharp decline in its use over time. Reasons indicated by the consulted experts include failures to comply with legal timeframes and errors in handling the documents. These in turn made some lending companies reluctant to accept financing transactions operated through the *Casa Pronta* service. Portugal could conduct an internal assessment and consult with other key stakeholders (notaries, lawyers, banks, real estate agents) to identify and solve any issues.

Relevant stakeholders: Institute for Registries and Notary

Make the Land Registry's and the Cadaster's databases interoperable with each other and with those of other key agencies

Implement interoperability between the Land Registry's and the Cadaster's databases and with those of other key agencies, such as the Commercial Registry, the Insolvency Registry, the Tax Authority, and the Registry of Beneficial Owners to enable automatic updates of all registries once one of them is updated. Many European Union Member States, such as Croatia, Romania, and the Slovak Republic, have linked their cadastral and property registry's databases facilitating internal operations within the institutions involved, as well as their interactions with customers. Other countries, such as Denmark, Latvia, and the Netherlands, went even further and have achieved interoperability with other agencies' databases, including the Trade Registry and/or the Tax Authority.

Relevant stakeholders: Institute for Registries and Notary; Directorate-General for the Territory; Tax and Customs Authority; National Registry of Legal Entities

Property Transfer in Portugal

Areas of improvement for Property Transfer (2/2)

Ensure that all private properties are registered and mapped

When coverage does not extend to 100% of the territory, companies and individuals cannot have legal certainty regarding the physical or legal rights data related to the property. Other countries in the regions like Hungary and the Slovak Republic have already achieved full coverage.

Relevant stakeholders: Institute for Registries and Notary; Directorate-General for the Territory; municipalities

Set-up an out-of-court mechanism at the Land Registry to compensate for losses incurred by private parties due to Land Registry errors

Such a measure would increase the efficiency of dispute settlement and would enable entrepreneurs to avoid lengthy and complex court proceedings. Portugal could look at the United Kingdom's example where such a mechanism exists. The most advanced forms of guarantee indemnify individuals for losses suffered because of deficiencies in information provided by the Registry, or for other reasons, such as loss or destruction of records. The country has a statutory compensation scheme under which indemnity claims are made directly to the Land Registry. Similarly, Ireland allows indemnity claims to be filed directly with the Property Registration Authority.

Relevant stakeholders: Ministry of Justice

Increase transparency by publishing and committing to service standards, and publish annual statistics on land disputes and sex-disaggregated data on ownership

Portugal has made some progress in ensuring the system's transparency, and currently publishes lists of requirements, fee schedules, and statistics on transactions. The country could take some additional steps down this road. First, it could commit to public service standards to allow the beneficiaries of public services to know what they can expect in terms of timeframes and accuracy. Publishing this information—including clear definitions of services and timetables—would increase the Land Registry's service quality, facilitate monitoring and evaluation, and increase the public's confidence in the institution. In Europe, countries, including Bulgaria, the Netherlands, the Slovak Republic, and Sweden, currently publish service standards for various public services. In the case of Bulgaria, each service provided by the Registry Agency has an associated service sheet outlining delivery standards. Another measure enhancing transparency would be to publish statistics on land disputes and the time to solve them. When land disputes occur, it is important to ensure that they clear the courts quickly so that citizens' resources are not perpetually tied up in the legal system. To monitor the land dispute resolution system, some countries carefully track land disputes and, at a minimum, publish the number of such disputes that have been presented to the courts. In this regard, Portugal could look to Finland or Latvia as examples.

Relevant stakeholders: Ministry of Justice; Institute for Registries and Notary

4. Utility Services in Detail

4.1 Electricity Utility Service in Portugal

Pillar I: Regulatory Framework

Score (all cities): **93.8**/100

Pillar II: Public Services

Score: **83.5** (Ponta Delgada) to **87.7**/100 (6 cities)

Pillar III: Operational Efficiency

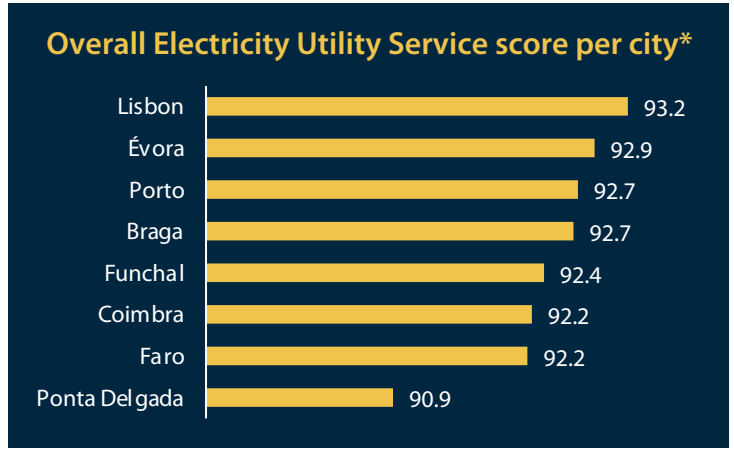
Score: **95.1** (Faro) to **98.1**/100 (Lisbon)

Time (days):	**100** (Lisbon) to **133** (Ponta Delgada)
Cost (% of income per capita*):	**23.8%** (6 cities) to **232.5%** (Ponta Delgada)
SAIFI Index:	**0.32** (Funchal) to **2.78** (Ponta Delgada)
SAIDI Index:	**0.52 hrs** (Funchal) to **1.99 hrs** (Braga)
% of annual sales losses due to electrical outages:	None
% of firms owning or sharing generators:	**5%** (Funchal) to **22%** (Faro)

*Portugal's 2021 GNI per capita is EUR 20,199

Main findings

- The regulatory framework for electricity is consistent across the country (Pillar I).
- Variations exist in terms of the quality of public services (Pillar II). All utilities offer an online platform to place a connection request and track its progress. Only the utility in Ponta Delgada lacks the tracking feature. Additionally, the stipulated time limits for a new electricity connection are not published by utilities in Funchal and Ponta Delgada.
- Connection times and costs vary among cities, depending on whether the new building will be connected to low or medium voltage infrastructure, as well as the average distance to the main distribution line. In continental Portugal (Braga, Coimbra, Évora, Faro, Lisbon, and Porto), low voltage connections are widely used, while in Funchal and Ponta Delgada, medium voltage is the most common.
- Obtaining a new connection is fastest in Lisbon (100 days) and slowest in Ponta Delgada (133 days).



Source: Subnational Business Ready *Scale from 0 to 100 (higher = better)

- The cost for a new electricity connection is lowest in continental Portugal, averaging EUR 4,816. In contrast, in Funchal and Ponta Delgada, the requirement to install a transformer for a medium voltage connection contributes to a higher cost of EUR 44,847 and EUR 46,969, respectively.
- Electricity interruptions are more frequent in Ponta Delgada, while customers benefit from a more stable supply in Funchal.

Electricity Utility Service in Portugal

Why is the electricity utility service important?

- Reliable electricity sustains business operations and serves as a critical factor of production utilized by firms.[49]
- Unreliable electricity supply negatively impacts businesses and constrains their operations, growth, and profitability.
- Guidelines for sustainable transmission and distribution, such as initiatives for deploying smart meters and implementing smart grid technologies, can enhance the effective functioning of network systems, reducing expenses and the ecological footprint.[50]
- Performance standards, accountability mechanisms, and inspections and professional standards can ensure that utility companies provide sufficient and stable electricity.

49 World Bank, 2016.
50 OECD, 2015.

What does the Electricity Utility Service topic measure?

Pillar I: Regulatory Framework

Quality of regulations for electricity

- Regulations for the efficient delivery of electricity connections and quality of supply
- Regulations on the safety of electricity connections (e.g., qualifications of personnel performing electrical installations and inspections)
- Environmental sustainability of electricity generation, transmission, and distribution

Pillar II: Public Services

Quality of governance and transparency of electricity service provision

- Monitoring the reliability and quality of electrical service supply through key performance indicators
- Transparency of outages, tariffs, connection requirements and complaint mechanisms, and customer surveys
- Interoperability with other utilities
- Implementation of inspections for electricity connections in practice
- Electronic applications and payments

Pillar III: Operational Efficiency

Operational efficiency of electricity service provision

- Time required to obtain a new electricity connection
- Cost of electricity connection and supply
- Reliability of electricity supply
- Losses due to electrical outages (% of annual sales)
- Firms owning or sharing generators

For more information, please refer to the *Business Ready Methodology Handbook:* https://www.worldbank.org/en/businessready

Electricity Utility Service in Portugal

Recent reforms and changes in the provision of electricity services

- Cities in continental Portugal made progress towards digitalization: before 2018 customers in mainland cities used to apply for a new electricity connection in person. Now, the request is done through an electronic platform (*Balcão Digital*). Through this platform, the applications are analyzed in a centralized system.
- Since 2021, following the recommendations of the European Commission on the liberalization of the energy market, E-REDES, the main distribution network operator in continental Portugal, was created (formerly known as EDP Distribuição) to separate the roles of distribution and supply. Customers now request the electricity connection from E-REDES and sign the electricity supply contract with a supplier selected from the market.
- The process of getting electricity was streamlined in mainland Portugal. Before, the utility used to conduct a site inspection to estimate the cost of the new connection. Now, E-REDES uses a georeferencing information system (GIS) that allows its staff to elaborate the calculation without the need to visit the site.

Relevant laws and regulations in Portugal

- **Decree-Law no. 15/2022, of January 14:** regulates the organization and operation of the National Electricity System, transposing Directive (EU) 2019/944 and Directive (EU) 2018/2001.
- **Regulation on Quality of Service in the Electricity and Gas Sectors** (Regulation No. 826/2023, of July 28): stipulates the levels of quality of service provided by the utilities, compensation in case of non-compliance, requirement to monitor supply interruptions, and customer service quality standards, among others.
- **Regulation on Commercial Relations in the Electricity and Gas Sectors** (Regulation No. 827/2023, of July 28): regulates the requirements of the commercial conditions of the grid connection (time standards as well as the tariffs to be applied).
- **Law no. 14/2015, of February 16:** establishes the requirements for entities and professionals responsible for electrical installations.
- **Decree-Law no. 96/2017, of August 10:** stipulates regulations on private service electrical installations.

Public institutions and services for getting electricity

- The **Energy Services Regulatory Authority (ERSE)** is the regulatory body for the energy sector in Portugal. It regulates and oversees the energy market ensuring transparency, efficiency, and compliance with legal standards.
- The **Directorate-General for Energy and Geology (DGEG)** is a body from the Portuguese public administration that oversees the regulation related to the licensing, technical responsibility, safety, efficiency and supervision of electrical installations and networks.
- The **Regional Energy Directorate (DREn)** in the Azores and the **Regional Directorate for the Economy and Transports (DRET)** in Madeira oversee energy related matters in these autonomous regions.
- Three main **electrical utilities** operate in Portugal: E-REDES in the mainland; Electricidade da Madeira (EEM) in Funchal and Electricidade dos Açores (EDA) in Ponta Delgada. In addition to being utilities, EEM and EDA are also suppliers in Funchal and Ponta Delgada, respectively.
- The **Municipal Chambers** are the local authorities responsible for the issuance of excavation permits. Other utility providers play a role in coordinating the process of infrastructure deployment for new electrical connections. .

Electricity Utility Service in Portugal

Pillar I: **Quality of Regulations for Electricity**

Portugal score (all cities): **93.8** out of 100 points

Regulatory monitoring of tariffs and service quality

25/25

- ✓ Regulatory monitoring and approving of electricity tariffs
- ✓ Regulatory monitoring of quality of electricity service based on performance standards

Utility infrastructure sharing and quality assurance mechanisms

25/25

- ✓ Joint planning and construction among various utility providers including provisions on common excavation permits, joint excavation, or 'dig once' policies
- ✓ Mechanisms on service quality assurance, such as financial deterrence mechanisms aimed at limiting supply interruptions

Safety of utility connections

25/25

Requirements related to:

- ✓ Professional certifications, qualification requirements for professionals conducting electricity installations
- ✓ Inspection regimes mandated by law for internal and external electricity installations
- ✓ Liability regimes mandated by law for electricity connections

Environmental sustainability

18.8/25

- ✓ Legally mandated environmental standards for electricity generation, transmission, and distribution

Environmental sustainability of electricity use:

- ✓ Legal requirements on environmental standards of electricity use for businesses to switch to energy efficiency practices; and deterrence or enforcement mechanism to ensure businesses' compliance with energy-saving targets

Incentives for businesses to adopt energy-saving practices:

- ✓ Financial incentives to adopt energy-saving practices
- ✗ Lack of non-financial incentives to adopt energy efficient practices

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Electricity Utility Service in Portugal

Pillar II: Quality of Governance and Transparency of Electricity Service Provision

Portugal score: **83.5** Ponta Delgada to **87.7** 6 cities out of 100 points

Monitoring of services supply (includes gender and environment)

15/25

Requirements related to:

- ✓ Existence of key performance indicators (KPIs) to monitor the quality and reliability of electricity supply
- ✓ Existence of KPIs to monitor the sustainability of electricity service supply
- ✗ No gender-disaggregated data on customer satisfaction surveys and customer complaints

Enforcement of safety regulations and consumer protection mechanisms

25/25

- ✓ Existence of an independent complaint mechanism
- ✓ Implementation of a full inspection regime in practice for electricity connections

Availability of information and transparency

6 cities: **22.7/25**

Funchal, Ponta Delgada: **21.6/25**

Requirements related to:

Online availability of connection requirements:

- ✓ Required documents
- ✓ Required procedures
- ✓ Connection cost

- ✓ Transparency of tariffs and tariff settings
- ✓ Complaint mechanisms and transparency of complaint processes
- ✓ Publication and announcement of planned outages
- ✗ No online availability of KPIs to monitor the environmental sustainability of electricity supply

6 cities:
- ✓ Stipulated time limits for connection

Funchal, Ponta Delgada:
- ✗ No stipulated time limits for connection

Digital services and interoperability

7 cities: **25/25**

Ponta Delgada: **21.9/25**

Electronic features for electricity connection:

- ✓ Electronic application
- ✓ Electronic payments

Interoperability at the utility level:

- ✓ Database for electricity distribution networks
- ✓ Shared database for the network lines of multiple utilities, including electricity, water, and internet
- ✓ Platform with the Information on the planned works on utility networks
- ✓ Online system or coordination mechanism for excavation permit approvals

7 cities:
- ✓ Tracking application

Ponta Delgada:
- ✗ No tracking application

✓ Aspects in line with internationally recognized good practices ✗ Aspects not in line with internationally recognized good practices

Electricity Utility Service in Portugal

Pillar III: Operational Efficiency of Electricity Service Provision (1/5)

Portugal score: **95.1** Faro to **98.1** Lisbon out of 100 points

The requirements for obtaining a new electricity connection vary across cities in Portugal, depending on whether it is a low or a medium voltage connection

- In continental Portugal (Braga, Coimbra, Évora, Faro, Lisbon, and Porto) low-voltage connections are widely used, whereas in Funchal and Ponta Delgada, medium-voltage connections are most common.
- In all measured cities, clients hire the utility to complete the connection works rather than hiring their own contractor.
- For medium-voltage connections, additional steps include: i) the installation of a transformer; and ii) conducting an external inspection.
- In Funchal and Ponta Delgada, a supply contract is signed with the utility, which also acts as the supplier of last resort, whereas in continental Portugal, the supplier is selected from the market.

How does the process for obtaining a 180 kVA connection work in Portugal

STEPS	AGENCY
Submit a request for a new connection	Distribution utility
Obtain external connection works	Distribution utility**
Install a transformer*	Third-party company
Conduct an internal inspection*	Third-party company
Conduct an internal and external inspection	Government agency and distribution utility
Sign a supplier contract	Supply company
Install a meter	Distribution utility

Step present at all cities
Step present in mainland cities
Step can be done online
Step present in Funchal and Ponta Delgada
Steps done together in Funchal and Ponta Delgada

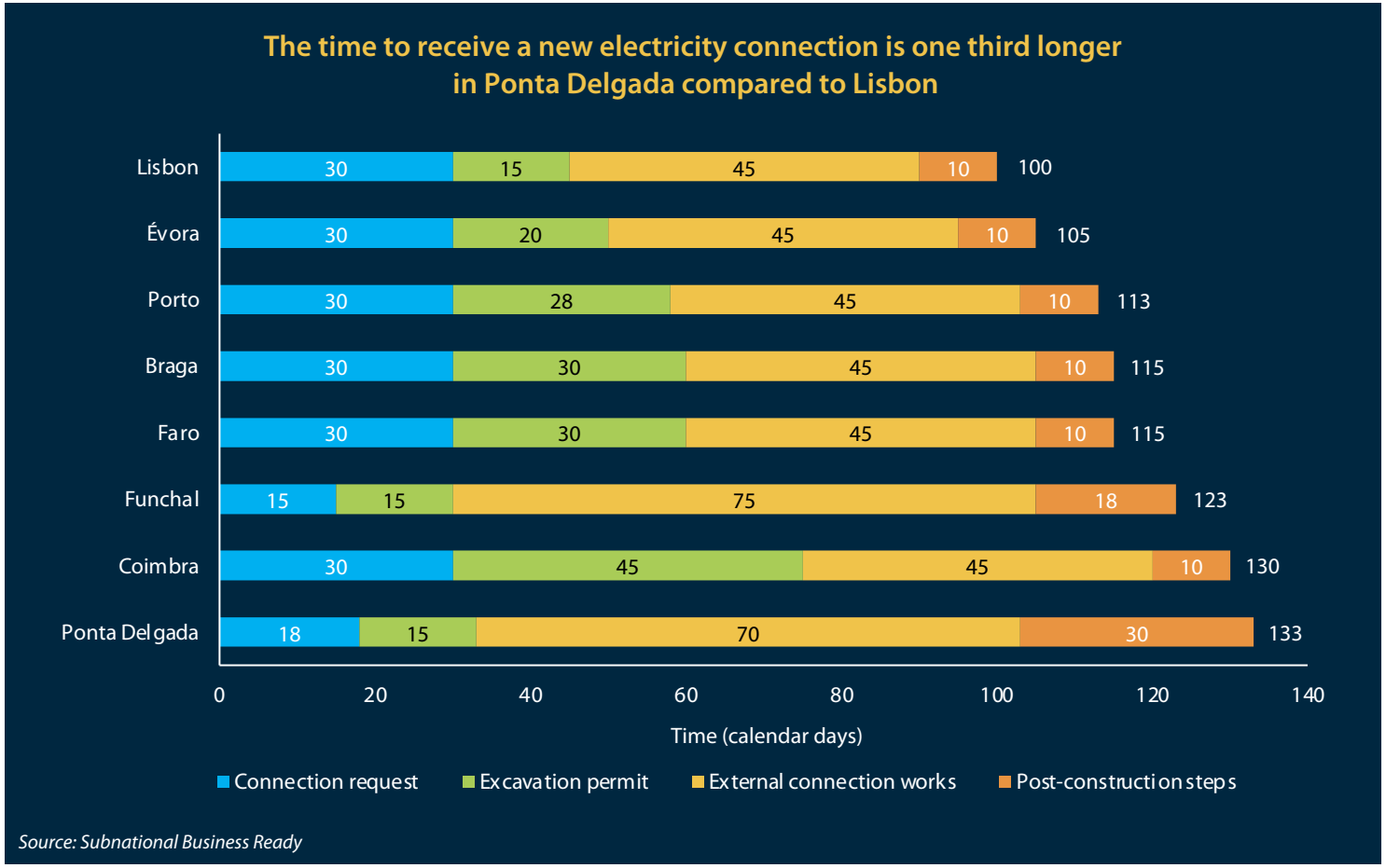
Source: Subnational Business Ready

*Simultaneous with previous step
**In Portugal, when the utility is in charge of external installation works, it is also responsible for obtaining the excavation permit from the local municipality.

Electricity Utility Service in Portugal

Pillar III: **Operational Efficiency of Electricity Service Provision (2/5)**

- In cities in continental Portugal, requests for new connections are made through an online platform that centrally reviews applications, which causes backlogs. The response time in these cities is twice as long as in Funchal and Ponta Delgada.
- The electrical infrastructure in continental Portugal is more developed than in Funchal and Ponta Delgada; therefore, the distance between the connection point and the grid is usually half as long (66 meters), allowing the connection works to be completed more quickly.
- Post-construction steps take more time in Funchal and Ponta Delgada due to the requirements for both internal and external inspections, which add almost three weeks to the process of obtaining a new connection, on average.
- In all cities, the excavation permit can be requested through an online platform, except in Évora where it is requested by email.
- Most municipalities have a GIS with the main infrastructures of the city, so in general, it is not necessary to consult other utility providers (water, internet, etc.) when issuing an excavation permit.
- At the national level, utilities must publish on an online platform called SIIA system, their existing infrastructure and also any planned works in case other utilities want to use the same infrastructure.



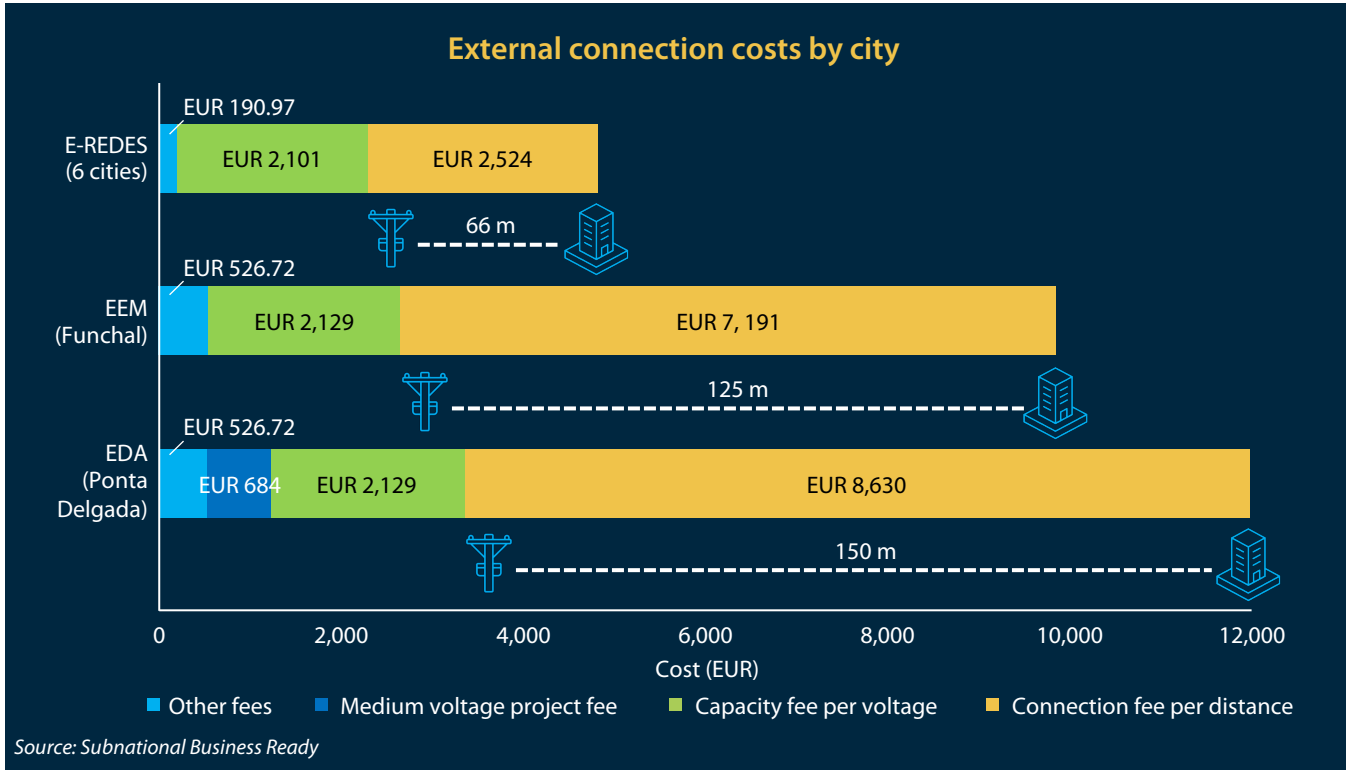
Note: Post-construction steps in all cities include meter installation and signing a supply contract. In Funchal and Ponta Delgada, it also includes internal and external inspections.

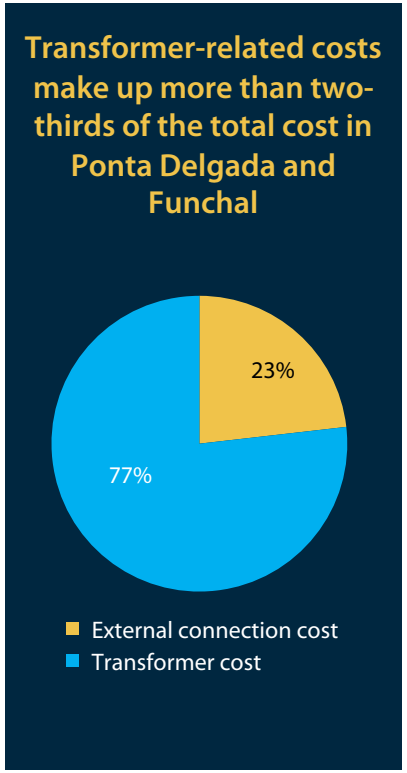
Electricity Utility Service in Portugal

Pillar III: Operational Efficiency of Electricity Service Provision (3/5)

Connection fees in Ponta Delgada and Funchal are, on average, three times more expensive than in cities in continental Portugal due to the different distances to the main grid

- Connection fees include: i) the application fee, that varies depending on the type of connection; ii) the capacity fee, based on the subscribed power requested and; iii) a connection fee based on the distance form the connection point to the main grid.
- The connection fee per distance is the main driver of the variation. Due to local infrastructure, each city has varying distances to the main grid, ranging from 66 to 150 meters. In Ponta Delgada, due to greater distances, the fee is three times more costly than in the rest of the cities.
- In Funchal and Ponta Delgada, the cost of the transformer (EUR 35,000) represents 77% of the total cost for a new electricity connection.
- In the mainland cities, where the connection is mostly low voltage, customers pay an inspection fee for internal installation to a third party, which is necessary for the supply contract.
- In Funchal and Ponta Delgada, where the most common connection is medium voltage, internal and external inspections are carried out by DRET and DREn, respectively.





*Other fees include an application fee charged by the utility in each city across the country, and an inspection fee charged by a third party in the cities in continental Portugal.

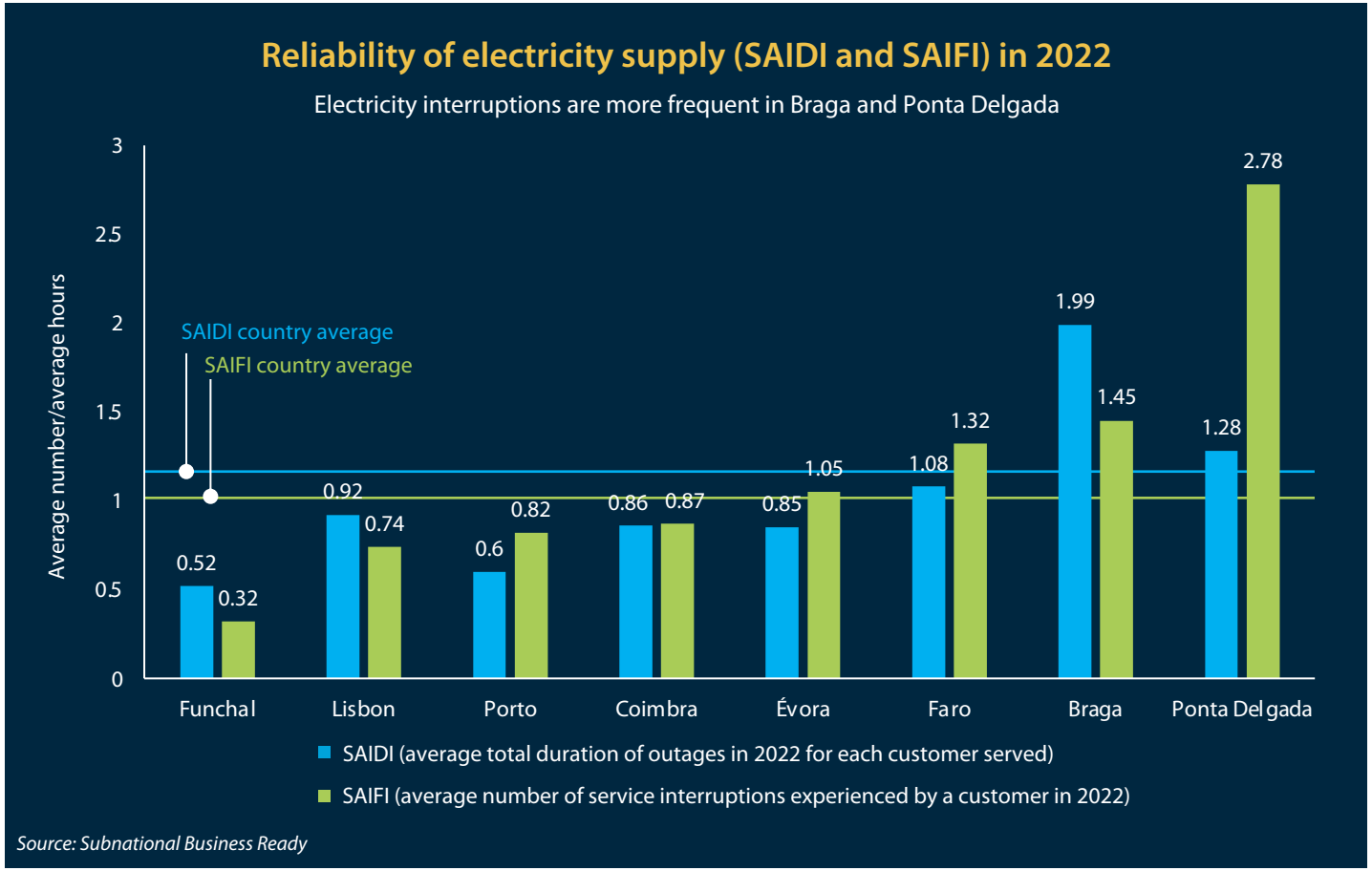
Electricity Utility Service in Portugal

Pillar III: **Operational Efficiency of Electricity Service Provision (4/5)**

- In 2022, entrepreneurs in Portugal experienced 1.01 interruptions on average, each lasting nearly 1.17 hours.
- There are notable differences across Portuguese cities in terms of the frequency and duration of interruptions. Funchal had the least frequent interruptions (0.32), lasting 31 minutes, on average, half as long as in the rest of the cities measured.
- Customers in Braga experienced the highest average duration of outages, nearly two hours; and Ponta Delgada showed the highest average number of service interruptions, 2.78 in 2022.

Good practices in electricity provisioning in Portugal:

- Information on scheduled outages is published on each utility's website. Additionally, utilities provide real-time updates on unplanned interruptions.
- All distribution utilities report their performance to the regulator, ERSE, which annually publishes KPIs on its website on the sustainability of electricity supply per city and type of voltage.
- The legal framework stipulates compensation to customers if outages exceed a certain limit.

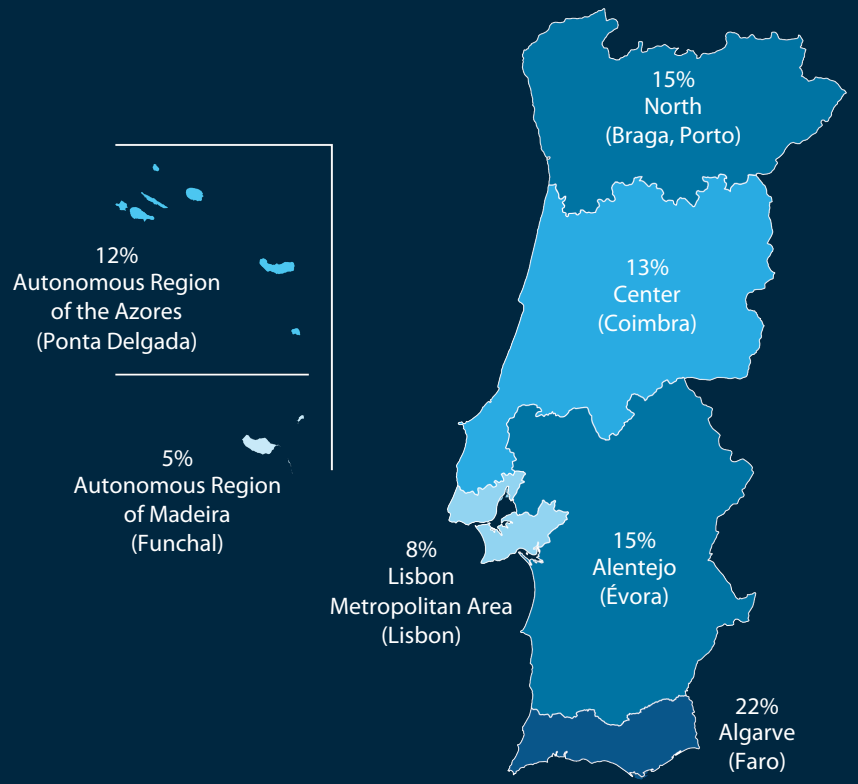


Source: Subnational Business Ready

Electricity Utility Service in Portugal

Pillar III: **Operational Efficiency of Electricity Service Provision (5/5)**

Percentage of firms that own or share a generator, by region*

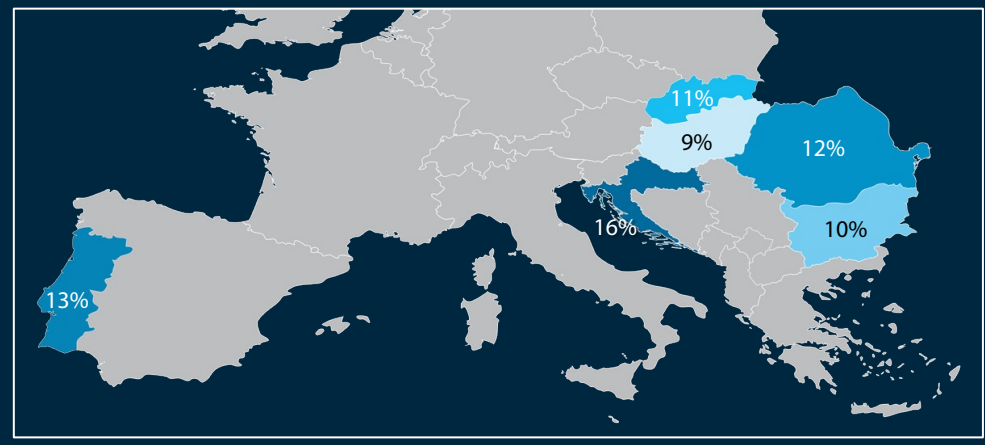


Source: World Bank Enterprise Surveys 2023

*NUTS (Nomenclature of territorial units for statistics), https://ec.europa.eu/eurostat/web/nuts/overview

- The share of firms owning or sharing a generator is greatest in the Algarve region (including Faro) at 22%, while less than a fourth of that amount own or share one in the Maderia region (including Funchal) (see map).
- Portugal's national average of firms owning generators is just 13%, the highest share among the benchmarked European Union Member States, except for Croatia.
- Portuguese firms have not reported losses in their annual sales due to electrical outages.
- On average, 31% of firms identify electricity as a major constraint in Portugal.

Percentage of firms that own or share a generator (country averages)



Source: World Bank Enterprise Surveys 2023

Electricity Utility Service in Portugal

Areas of improvement for Electricity Service Provision (1/2)

Replace the internal installation certificate with a self-certification of compliance

For a low-voltage connection in Portugal, a third party conducts an internal wiring inspection to verify that the installation was done according to regulations. Ensuring the safety and quality of electrical wiring is crucial. But there are ways to do so without imposing additional requirements for getting a new connection. In several other European Union Member States, including Denmark and Germany, the regulations allow the contractor responsible for the internal installation to submit a self-certificate ensuring the quality and the safety of the installation without a need of an inspection by a third party. Portugal already has provisions that regulate the qualifications and responsibilities of professionals involved in electrical installations, providing an adequate legal framework to implement self-certification systems that simplify the process of obtaining new electrical connections.

Relevant stakeholders: distribution utilities; DGEG; DREn; DRET

Streamline the process for getting an excavation permit

For an electrical connection, one of the most common permits to obtain is the excavation permit from local municipalities. In continental Portugal, cities already follow good practices as the electricity distribution company establishes protocols with the municipalities to simplify this process. However, to reduce the time required to obtain excavation permits and to promote a more standardized process regardless of the city where the permit is requested, Portugal could consider the examples from cities in the Netherlands. In Utrecht, the municipality must issue a permit decision within three business days of receiving a permit request for non-invasive works. The municipality in Enschede went a step further, eliminating the need for an excavation permit for public road crossings under 25 meters in length. Although in Arnhem the municipality does not make a distinction based on the length of the crossing, it does provide a local good practice in terms of lowering the legal time limit, which Portugal could also consider.

Relevant stakeholders: distribution utilities; municipalities

Introduce and strengthen the online application platforms

Cities in continental Portugal benefit from a digitalized and standardized application process that is centralized, regardless of the city where the application is made. Despite the existence of a call center for resolving doubts, experts indicated that the lack of direct contact with the utility's staff during the connection request process causes delays in the application approval. Opening more efficient communication channels would allow for prompt resolution of doubts and questions, avoiding delays caused by errors in the documentation and promote more efficient application response times. E-REDES could also consider assigning to each application a point of contact to accompany the entire process for a low-voltage connection, as is done for medium-voltage applications. On the other hand, the utility in Ponta Delgada could learn from other cities by introducing an online platform with a tracking option to make the connection process more streamlined. Additionally, the utility in Funchal could expand access of its online platform to other relevant parties as it is only accessible to the technician (electrician, technical engineer, or electrical engineer) hired by the client.

Relevant stakeholders: distribution utilities; municipalities

Electricity Utility Service in Portugal

Areas of improvement for Electricity Service Provision (2/2)

Increase transparency and accountability by collecting and publishing statistics

It is critical that agencies involved in the process of getting electricity (municipalities, distribution utilities, electricity suppliers, utility providers, etc.) make data on processing times available publicly. Doing so allows entrepreneurs to estimate waiting times accurately. In Austria, the regulator publishes a standardized electricity quality report, the *Kommerzielle Qualität Storm*,* which includes cross-cutting data on the electricity connection process. Data is collected annually from utilities through a questionnaire. The report contains data on application processing times and the time to complete a connection at different voltage levels, making the data easily comparable across cities and utilities. Currently, only some steps and their legally stipulated timeframes are available in the utilities' websites in Portugal, rather than the actual average time it takes to receive a new connection. Publishing a data-driven report, similar to Austria's, could help streamline Portugal's electricity sector—and help entrepreneurs and utilities set clear and realistic expectations. Data reporting could also serve as an indirect accountability measure to incentivize utilities to boost their performance.

Relevant stakeholders: distribution utilities; municipalities

Improve the reliability of the electricity supply

Minimizing the number and duration of power outages is critical for the economy and society. Understanding why outages duration and frequency is higher in Braga and Ponta Delgada is valuable knowledge that the authorities could use to improve the reliability of electricity supply. A distribution utility is the final link in the electricity supply chain; many actors play key roles in its generation, transmission, and distribution. Evidence suggests that investment levels in electricity generation, tariff levels and bill collection rates, the operational efficiency of the utilities, and the overarching regulatory framework all play a role in determining the reliability of supply.

Relevant stakeholders: distribution utilities; ERSE

*For more information on Austria's electricity quality report, see the website of the Austrian regulator at https://www.e-control.at/marktteilnehmer/erhebungen/erhebungen-zur-qualitaet-der-netzdienstleistung.

4.2 Water Utility Service in Portugal

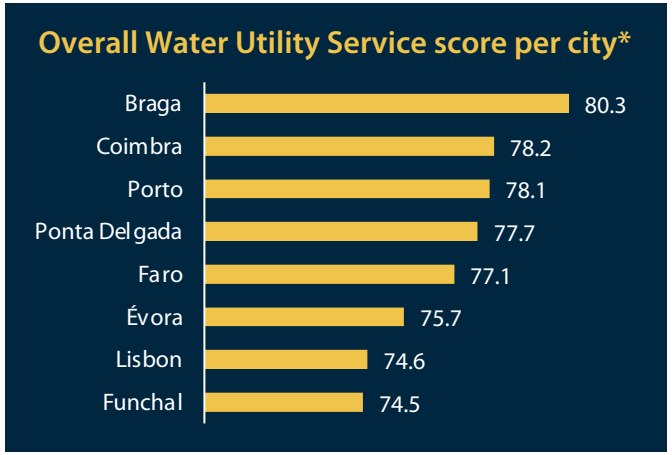
Pillar I: **Regulatory Framework**	Score (all cities): **65.6**/100
Pillar II: **Public Services**	Score: **72.1** (Ponta Delgada) to **84.6** (Faro)/100
Pillar III: **Operational Efficiency**	Score: **79.5** (Funchal) to **97** (Braga)/100

Time (days):	**31** (Braga) to **65** (Évora, Lisbon)
Cost (% of income per capita*):	**0%** (Coimbra) to **7.4%** (Évora)
% of firms experiencing water insufficiencies:	**1%** (Ponta Delgada) to **14%** (Faro, Funchal)

*Portugal's 2021 GNI per capita is EUR 20,199

Main findings

- The regulatory framework that governs water utility services (Decree-Law no. 194/2009, and Regulatory Decree no. 23/95) is on par with international best practices (Pillar I). However, Portugal lacks rules setting qualification requirements for professionals performing water installations, as well as financial and non-financial incentives encouraging water-saving practices, both from the side of the utilities and of businesses. Additionally, water tariffs are set by each individual utility company, not by the regulator (Pillar II).
- Across Portugal, tariffs and tariff setting for water are transparent, Key performance indicators (KPIs) to monitor quality, reliability, and sustainability are available, and connection fees can be paid online. However, not all cities offer the same level of safety standards when it comes to the connection's inspection regime. Also, some utilities fail to publicize connection requirements online (Pillar II).
- Obtaining water connections across Portugal takes on average 50 days and costs EUR 462. However, entrepreneurs deal with different turnaround time and connection fees, depending on where they are based (Pillar III).
- Among the eight cities benchmarked, Braga stands out for the fastest water connection processes. Firms in Braga wait one month to get their connections running. The same process takes more than twice as much in Évora and Lisbon (65 days).
- Clients in Coimbra are not charged any fee when they connect a building to the water infrastructure. In the rest of the cities, the cost for obtaining a water connection varies from only EUR 19 (as in Faro) to EUR 1,500 (as in Évora).
- In most Portuguese regions, firms benefit from a reliable water supply system, with only 4% or less having experienced water insufficiencies. However, in the Algarve and Madeira regions, 14% of businesses reported having to deal with issues related to water supply.



Source: Subnational Business Ready *Scale from 0 to 100 (higher = better)

Water Utility Service in Portugal

Why is the water utility service important?

- Inadequate water supply—due to aging infrastructure, poor water quality, and changes in water pressure—can lead to decreased firm productivity, deterioration of machinery, and reduced profits.[51]
- Good regulatory frameworks are key for the provision of an affordable and high-quality water supply.[52]
- Performance standards coupled with a system of incentives ensure efficient deployment of utility connections and an adequate water supply.[53]

51 World Bank, 2017.
52 OECD, 2021.
53 Foster and Rana, 2020.

What does the Water Utility Service topic measure?

Pillar I: Regulatory Framework

Quality of regulations for water

- Regulations for efficient deployment of water connection (e.g., infrastructure sharing) and quality of supply
- Environmental sustainability of water service provision and use, including sustainable wastewater practices

Pillar II: Public Services

Quality of governance and transparency of water service provision

- Monitoring the reliability and sustainability of service supply and safety of water connections
- Transparency on service outages, tariffs, connection requirements, and complaint mechanisms
- Interoperability with other utilities (e.g., electricity) and existence of electronic applications and payments

Pillar III: Operational Efficiency

Operational efficiency of water service provision

- Time associated with obtaining a water connection
- Cost of water connection and service
- Reliability of water supply

For more information, please refer to the *Business Ready Methodology Handbook:* https://www.worldbank.org/en/businessready

Water Utility Service in Portugal

Pillar I: **Quality of Regulations for Water**

Portugal score (all cities): **65.6** out of 100 points

Regulatory monitoring of tariffs and service quality

12.5/25

- ✓ Monitoring of quality of water service
- ✗ Monitoring of tariffs (the regulator plays a consultative role in water tariff setting but does not approve them)

Utility infrastructure sharing and quality assurance mechanisms

25/25

- ✓ Financial deterrence mechanisms aimed at limiting water supply interruptions
- ✓ Requirements for joint planning and construction (e.g., 'dig once' policies)

Safety of utility connections

16.7/25

- ✓ Existence of regulated liability regimes in relation to water connections
- ✓ Existence of regulated inspection regimes in relation to water installations
- ✗ Qualification requirements for professionals operating water installations

Environmental sustainability

11.5/25

- ✓ Existence of requirements for sustainable wastewater practices
- ✓ Existence of a regulation establishing rules on wastewater reuse
- ✗ Environmental sustainability of water use
- ✗ Incentives to adopt water-saving practices

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Water Utility Service in Portugal

Pillar II: **Quality of Governance and Transparency of Water Service Provision**

Portugal score: **72.1** Ponta Delgada to **84.6** Faro out of 100 points

Monitoring of service supply (includes gender and environment)

15/25

- ✓ Existence of KPIs to monitor the quality and reliability of water supply
- ✗ Gender-disaggregated customer surveys

Availability of information and transparency

Porto: 23.9/25 7 cities: 22.7/25

Online availability of connection requirements:
- ✓ Public announcement of planned outages

Online availability of:
- ✓ KPIs to monitor the environmental sustainability of water supply
- ✓ Tariffs and tariffs settings

- ✓ Existence of complaint mechanisms and transparency of complaint processes

Porto:
- ✓ Public availability of stipulated connection time standards

7 cities:
- ✗ No public availability of stipulated connection time standards

Enforcement of safety regulations and consumer protection mechanisms

Faro: 25/25 6 cities: 18.8/25 Ponta Delgada: 12.5/25

- ✓ Existence of an independent complaint mechanism
- ✓ Implementation of inspections for internal connections (replaced by self-certification of conformity in Funchal and Ponta Delgada)
- ✗ Implementation of inspections for external connections (except in cases when the client, and not the utility, performs the connection works)

Digital services and interoperability

Coimbra, Porto: 25/25 5 cities: 21.9/25 Lisbon: 18.8/25

- ✓ Interoperability across utilities responsible for electricity, water, and internet networks
- ✓ Availability of electronic payments for connection fees
- ✓ Availability of electronic applications for new connections **(except in Lisbon)**

Coimbra, Porto:
- ✓ Availability of electronic tracking of application status

6 cities:
- ✗ No availability of electronic tracking of application status

✓ Aspects in line with internationally recognized good practices ✗ Aspects not in line with internationally recognized good practices

Water Utility Service in Portugal

Pillar III: **Operational Efficiency of Water Service Provision (1/4)**

Portugal score: **79.5** Funchal to **97** Braga out of 100 points

The water connection process

The length of the process for getting a water connection varies substantially within Portugal. The main stakeholders involved in the process are: (i) the local water utility, which is in charge of verifying the feasibility of a new connection and performs the related works; and (ii) the local municipality, which needs to approve or get notified about connection works. A different water utility service operates in each city (see map).

In most cities, clients submit an application for a new water connection online. Funchal and Lisbon are exceptions: in Funchal, an e-portal for submitting applications is available, but in practice is not commonly used; in Lisbon, at the moment, applications cannot be submitted online, although the local water utility, EPAL, is currently developing an online platform. After the request is submitted, in most cities (Braga, Coimbra, Évora, Funchal, and Lisbon) the utility normally performs an onsite inspection to determine the feasibility of the connection and the most suitable connection point. In others (Faro, Ponta Delgada, and Porto) utilities make their assessments remotely using GIS systems. Once a connection contract between the client and the utility is signed, and before the works can start, in Évora, Lisbon, Ponta Delgada, and Porto, the water utility service must obtain a permit to excavate from the local municipality (in Lisbon and Porto, this can be done online). In the remaining four cities, there is no need to wait for an authorization, and a notification from the utility to the relevant municipal office about the upcoming connection works suffices. Once the works are completed, a final inspection takes place in Coimbra, but not in the rest of the cities. Before water can start flowing, customers need to sign a supply contract. This is typically done at the end of the connection process, but not in Lisbon, where it is done immediately after signing a connection contract and before works start, or in Funchal, where this step is merged together with the signing of the connection contract.

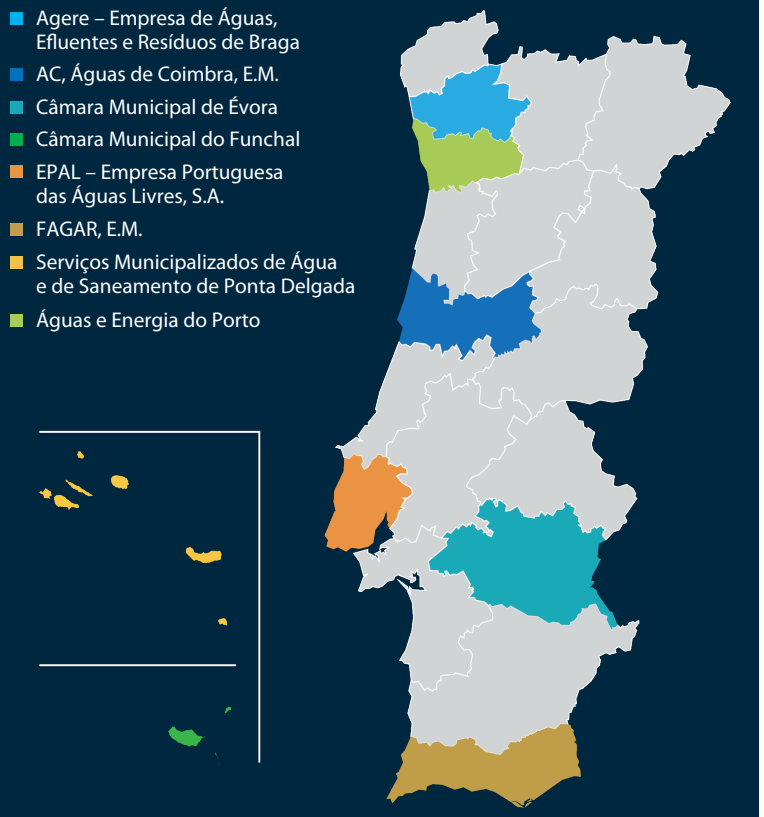
How does the water connection process work in Portugal

Step 1	Step 2	Step 3	Step 4
Entrepreneur applies for a water connection and receives a contract from the water utility	Water utility obtains permits to excavate from the municipality (or sends a notification, depending on the location)	Water utility performs external connection works	Entrepreneur signs a supply contract*

Source: Subnational Business Ready

*In Lisbon and Funchal, the signing of the supply contract is done earlier, when the water connection is requested.

Water utility service suppliers, by region



Source: Subnational Business Ready

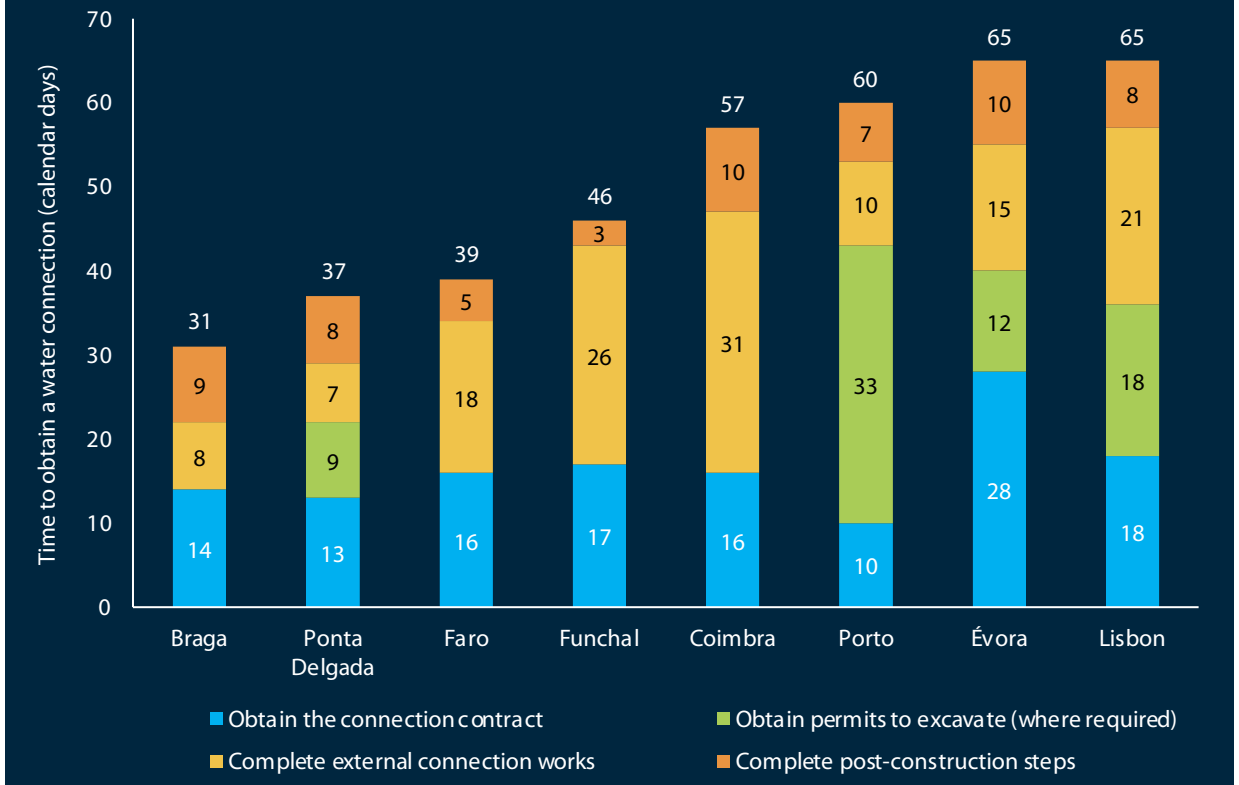
Water Utility Service in Portugal

Pillar III: Operational Efficiency of Water Service Provision (2/4)

Obtaining a water connection in Portugal takes from one to two months, depending on the location

- Overall, Braga is the city where obtaining a water connection is the fastest (31 days). This is mainly due to the efficiency with which the local utility, Agere, completes the connection works (8 days). In other cities, like Évora and Lisbon, it can take more than two months.
- In four cities (Évora, Lisbon, Ponta Delgada, and Porto), an excavation permit from the municipality is required. This can take over a month, as in the case of Porto (33 days). In the other four cities (Braga, Coimbra, Faro, and Funchal), an authorization process is not required, and a simple notification on the upcoming works to the relevant municipal office suffices.
- The three cities that overall have the slowest process for obtaining water connections require a municipal authorization for interventions on public roads. Ponta Delgada is an exception: despite an authorization prior to excavating being required, the city manages to have the second shortest process time, thanks to the relatively fast turnaround time (nine days) by the municipal offices in charge of approving the request to excavate.
- Porto, despite being, overall, one of the slowest cities to obtain a water connection, has the fastest processing time of the application. There, getting a connection contract from the moment a client applies for one takes only 10 days. Two elements make Águas e Electricidade do Porto, the local utility, fast: 1) applications are received and processed electronically; 2) technicians from the utility do not need to visit the premises in order to establish what is needed for the connection, as they can do it remotely through a GIS system.

Obtaining a water connection in Braga takes half the time than in Évora and Lisbon



Source: Subnational Business Ready

Water Utility Service in Portugal

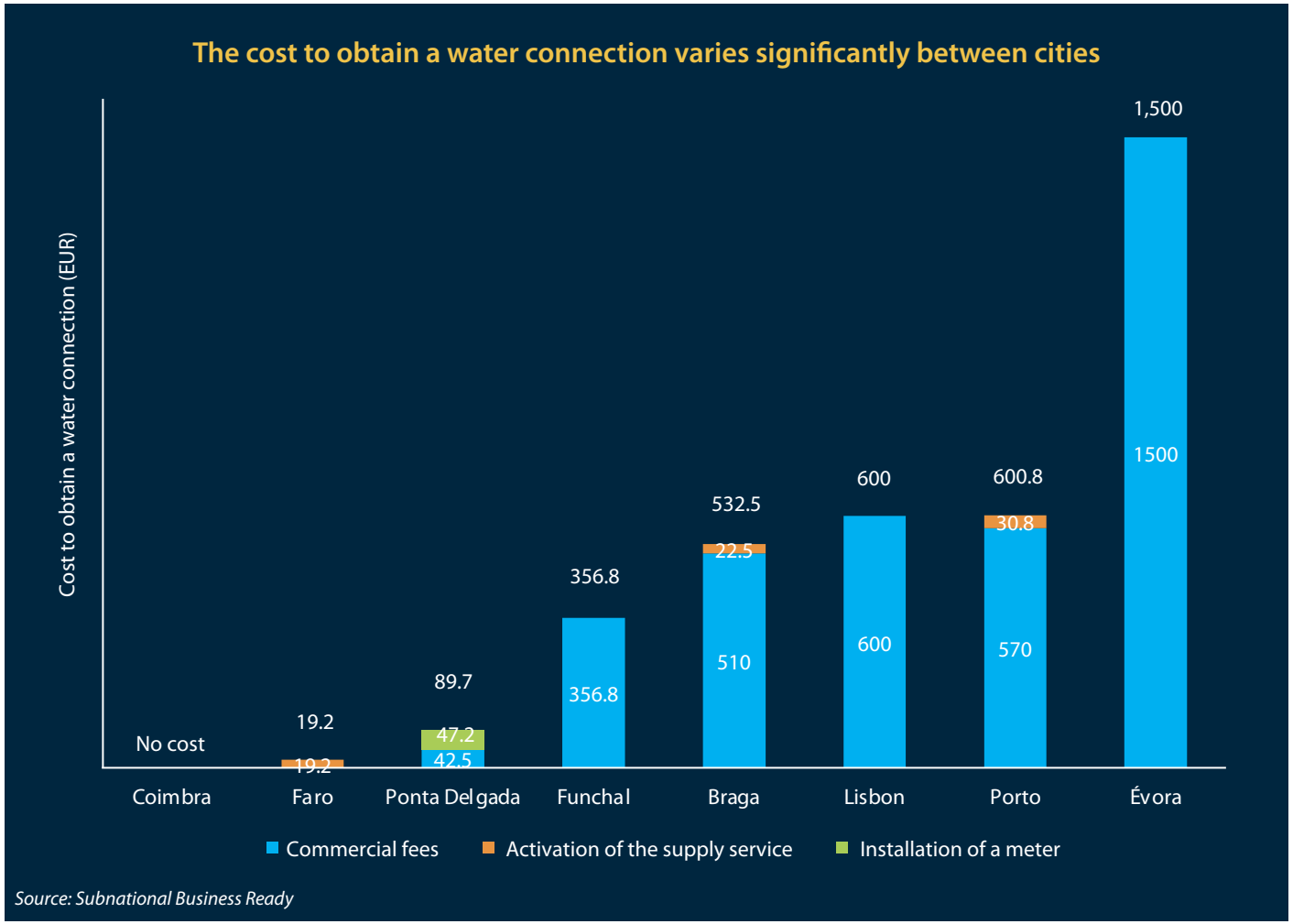
Pillar III: Operational Efficiency of Water Service Provision (3/4)

Getting a water connection is free of charge in Coimbra, but costs up to EUR 1,500 in the other cities

The cost of obtaining a water connection across Portugal varies substantially. In Coimbra, it is free of charge: the utility (Águas de Coimbra), which in most cases would take care of performing the works for the type of connection considered for this study, does not charge for external installations below 20 meters in length, following the recommendation of the national regulator, the Water and Waste Services Regulatory Authority (ERSAR). Similarly, in Faro customers only incur a cost for activating the service—approximately EUR 20. On the contrary, in Évora, the most expensive city according to this study, customers are charged a variable connection fee of approximately EUR 1,500, in accordance with article 92 of the Fee Schedule of the *Câmara Municipal de Évora*.

Utilities in Braga, Lisbon, Ponta Delgada, and Porto charge a fee to customers before connection works start. In Évora and Funchal, connection fees are paid once the new infrastructure is built. These connection fees vary between as little as EUR 43 (as in Ponta Delgada) and EUR 600 (as in Lisbon).

Additionally, some cities charge customers when they sign a supply contract or activate the supply service (Braga, Faro, and Porto), or for the installation of the meter (Ponta Delgada). In Funchal, activation costs are charged with the connection request.



Source: Subnational Business Ready

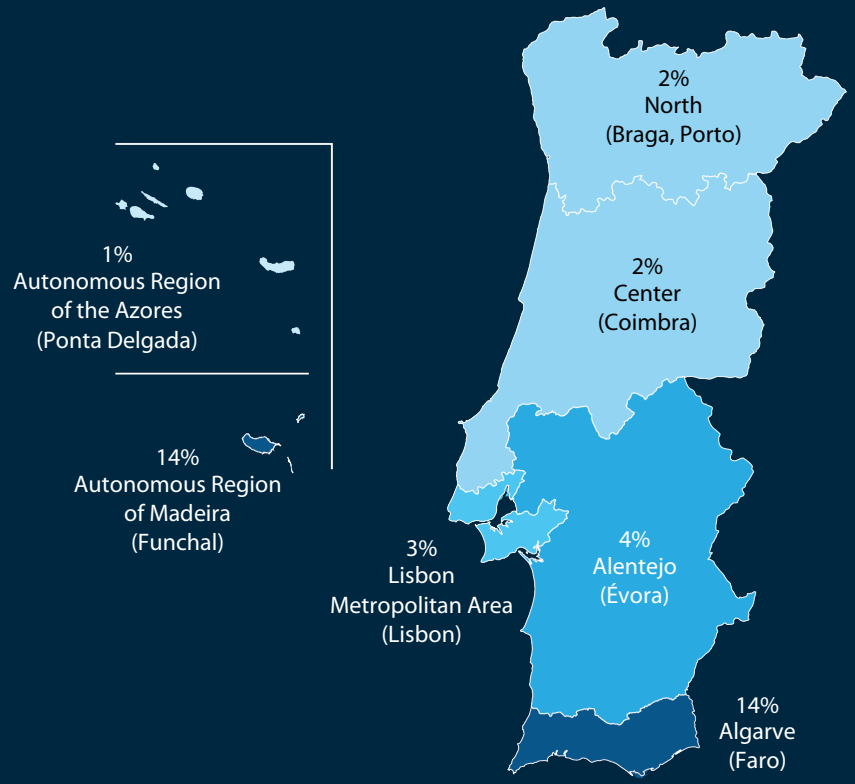
Water Utility Service in Portugal

Pillar III: **Operational Efficiency of Water Service Provision (4/4)**

Reliability of water supply: Algarve (Faro) and Madeira (Funchal) stand out for having the largest share of firms experiencing water insufficiencies

While in most Portuguese regions, firms profit from a sufficient supply of water, in Madeira (Funchal) and in Algarve (Faro), 14% of businesses reported having experienced water insufficiencies (see map). In all other regions, this share varies between 1%, as in the Azores (Ponta Delgada) and 4%, as in Alentejo (Évora).

Percentage of firms experiencing water insufficiencies, by region*



Source: World Bank Enterprise Surveys 2023

*NUTS (Nomenclature of territorial units for statistics), https://ec.europa.eu/eurostat/web/nuts/overview

Water Utility Service in Portugal

Areas of improvement for Water Service Provision (1/2)

Streamline the process of obtaining an excavation permit

In Évora, Lisbon, Ponta Delgada, and Porto, an excavation permit from the municipality is needed before connection works can start. This can take more than a month, as in the case of Porto (33 days). In Braga, Coimbra, Faro, and Funchal a simple notification on the upcoming works to the relevant municipal office suffices. Extending this practice would help speed up the process across Portugal, as well as make it more standardized and predictable at the country level. Alternatively, the process of obtaining excavation permits could be streamlined by integrating the electronic platforms of all stakeholders involved in the process. This would allow water utilities and municipalities to process excavation permits simultaneously, which would expedite the process and increase its transparency. Technological solutions are among the most effective solutions for reducing delays, but only when accompanied by an awareness campaign for users and a dedicated troubleshooting mechanism to address issues or technical glitches in real time. These solutions can also help to collect data to diagnose the cause of delays. Introducing a tracking system for applications is equally important.

Relevant stakeholders: water utilities; municipalities

Enhance the use of GIS-based databases

Porto has the fastest processing time of applications for new water connections. There, getting a connection contract from the moment a client applies for one takes only 10 days. Thanks to the use of GIS systems, the water utility in Porto does not need to perform onsite visits to estimate the feasibility and technical conditions of new connections. The other studied cities could adopt the same solution, as GIS systems are available in all of them. This would be particularly beneficial in cities such as Évora, where clients need to wait nearly one month to receive a response to their application.

Relevant stakeholders: water utilities

Allow customers to submit a certificate of conformity for the internal installation

While in cities in continental Portugal, water companies conduct an inspection of the internal water installation, in Ponta Delgada and Funchal, they accept a conformity certificate signed by those responsible for the internal works. This practice could be extended nationwide. Allowing customers to submit an internal certificate of conformity would simplify the process for obtaining a water connection. If certified contractors assume responsibility for certifying the quality and compliance of their work, third-party inspection could be eliminated. Such a change would speed up the process without compromising safety. To work effectively, systems of self-certification need to be accompanied by legal provisions specifying the qualification requirements and the liability of the professionals involved.

Relevant stakeholders: Water and Waste Services Regulatory Authority (ERSAR); Water and Waste Services Regulatory Authority in the Azores (ERSARA); water utilities

Water Utility Service in Portugal

Areas of improvement for Water Service Provision (2/2)

Enhance the qualification requirements for professionals operating in the water sector

For many aspects, entrepreneurs in Portugal enjoy a regulatory framework on-par with internationally recognized good practices. For example, the law sets financial deterrence mechanisms aimed at guaranteeing the continuity of the supply, as well as requirements for the so-called "dig-once" policy, which minimizes bureaucratic and material costs for developers. Inspections and liability regimes are also regulated. However, to bring the regulatory framework to an even higher standard, Portugal could introduce clear qualification requirements for professionals operating in the sector. Similarly, it could introduce financial and non-financial incentives to adopt water demand-side management practices, such as requirements for businesses to install water-efficient appliances, or to adhere to water-saving targets.

Relevant stakeholders: Water and Waste Services Regulatory Authority (ERSAR); Water and Waste Services Regulatory Authority in the Azores (ERSARA)

Publish stipulated standards for water connection times online

Portuguese cities could improve the level of their public services by learning from each other. Porto, for example, is the only city where the stipulated connection time standards are available online. The water utility in Porto is also the only one, together with the utility operating in Coimbra, that allows applicants to track the status of their request online. Other cities could follow the same approach to make it easier for clients to estimate turnaround times and plan accordingly.

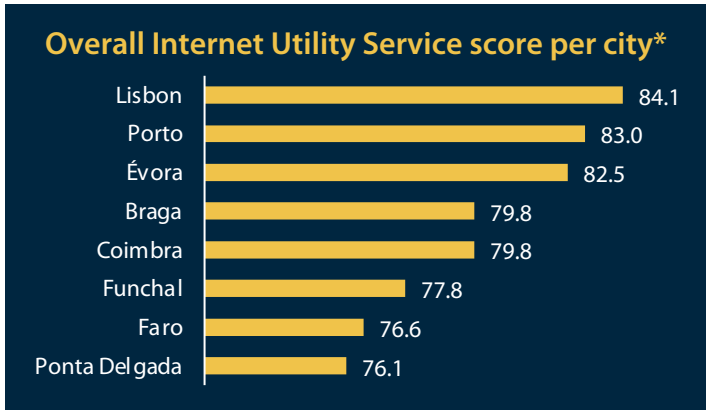
Relevant stakeholder: water utilities

4.3 Internet Utility Service in Portugal

Pillar I: **Regulatory Framework**	Score (all cities): **83.8**/100	Pillar III: **Operational Efficiency**	Score: **69** (Ponta Delgada) to **93**/100 (Lisbon)
Pillar II: **Public Services**	Score (all cities): **75.6**/100	**Time** (days):	**3** (Lisbon) to **6** (Ponta Delgada)
		% of firms experiencing internet disruptions:	**11%** (Ponta Delgada) to **34%** (Faro)

Main findings

- The quality of internet regulations (Pillar I) and quality of governance and transparency (Pillar II) are uniform across Portugal. The score differentiator is the efficiency of internet provision in practice (Pillar III), where cities reported different waiting times for internet connections and variations in internet disruptions.
- In line with good international practices, Portugal's *Autoridade Nacional de Comunicações* (ANACOM) oversees wholesale connectivity tariffs. Competent authorities can also initiate investigations for anticompetitive practices.
- Portugal's regulatory framework establishes provisions on joint planning and construction ('dig once' policies) and for infrastructure sharing. For example, Decree-Law no. 92/2017, establishes the Suitable Infrastructure Information System (SIIA), ensuring the availability of information related to the infrastructures suitable for the hosting of electronic communications networks. ANACOM is responsible for controlling and managing the SIIA (https://siia.anacom.pt/).
- The regulatory framework also sets financial deterrence and incentive mechanisms aimed at limiting internet service outages or slowdowns. Customers have the right to obtain an immediate and proportional reduction in the value of their monthly fee when Internet service is interrupted for a consecutive period of 24 hours or more.



Source: Subnational Business Ready *Scale from 0 to 100 (higher = better)

- Internet service providers (ISPs) in Portugal publish planned outages online; key performance indicators (KPIs) of service provision are also publicly available. ANACOM provides comprehensive information to guide customers to file a complaint about digital connectivity. It also publishes online information on complaints made to Internet service providers aggregated by city, type of complaint, and service provider on a quarterly basis.
- The time it takes to obtain an internet connection across the covered cities ranges between three and six days. In Ponta Delgada, where the lengthiest time is reported, overhead lines are more frequent than undergrown connections.
- Overall, 18% of Portuguese firms experienced internet disruptions countrywide, according to firm surveys. But disruptions vary by region. While in the North and the Autonomous Region of the Azores, 11% of firms reported internet disruptions, in the Autonomous Region of Madeira this figure was 25%, and in the Algarve region, 33%.

Internet Utility Service in Portugal

Why is the internet utility service important?

- The internet supports business operations and is used as a factor of production by firms.[54]
- Unreliable networks and high costs of establishing a broadband connection may prevent firms from adopting and upgrading digital technology in their business operations.
- Good regulatory frameworks are key for the provision of affordable and high-quality internet services. Likewise, facilitating timely access to such services at a reasonable cost and in an environmentally sustainable manner is instrumental for economic growth.[55]
- Performance standards coupled with a system of incentives compel internet service providers (ISPs) to ensure adequate supply of high-speed broadband internet service.[56]

54 World Bank, 2016 .
55 World Bank, 2017.
56 Foster and Rana, 2020.

What does the Internet Utility Service topic measure?

Pillar I: Regulatory Framework

Quality of regulations for internet

- Regulations for the efficient deployment of an internet connection (e.g., infrastructure sharing) and quality of supply
- Regulations on safety of internet service (e.g., cybersecurity)
- Environmental sustainability of internet service provision and use

Pillar II: Public Services

Quality of governance and transparency of internet service provision

- Monitoring the reliability and sustainability of service supply and safety of internet connection in practice
- Transparency on service outages, tariffs, connection requirements, complaint mechanisms, and customer service
- Interoperability with other utilities (e.g., electricity)
- Existence of electronic applications and payments

Pillar III: Operational Efficiency

Operational efficiency of internet service provision

- Time associated with obtaining an internet connection
- Cost of internet connection and service*
- Reliability of internet supply (e.g., disruption of internet service)

*Installation cost is not applicable to internet connection in the EU since it is included as part of loyalty plans that are the common practice in the region. It was not possible to collect reliable data on monthly service fees.

For more information, please refer to the *Business Ready Methodology Handbook:* https://www.worldbank.org/en/businessready

Internet Utility Service in Portugal

Pillar I: **Quality of Regulations for Internet (1/2)**

Portugal score (all cities): **83.8** out of 100 points

Regulatory monitoring of tariffs & service quality and Utilities infrastructure sharing & quality assurance mechanisms

Regulatory monitoring of tariffs and service quality

- ✓ Monitoring of internet tariffs: the regulatory agency, ANACOM, oversees wholesale connectivity tariffs. Competent authorities can also initiate investigations and set fines for anticompetitive practices.
- ✗ Monitoring of quality of internet service: ANACOM does not set performance standards to ensure service quality and the reliability of internet

Utilities infrastructure sharing and quality assurance mechanisms

- ✓ Provisions in the regulatory framework requiring joint planning and construction (i.e., joint excavation, or 'dig once' policies)
- ✓ Legal provisions requiring operators owning passive or active infrastructure to share access for the last mile
- ✓ Legal provisions guaranteeing equal access to government-owned infrastructure
- ✓ Legal provisions establishing rights of way for digital infrastructure service providers
- ✓ Regulatory framework allowing partnerships for infrastructure sharing
- ✓ Legal provisions establishing time limits for agencies involved in delivering new digital infrastructure
- ✓ Regulatory framework stipulates financial deterrence (e.g., penalties paid by the ISP or compensations paid to customers) and incentive mechanisms aimed at limiting internet service outages or slowdowns

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Internet Utility Service in Portugal

Pillar I: **Quality of Regulations for Internet (2/2)**

Portugal score (all cities): **83.8** out of 100 points

Safety of utility connections and **Environmental sustainability**

25/25

Safety of utility connections

- ✓ The regulatory framework establishes liability and a legal right to pursue compensation for personal data protection breaches, as well as clear provisions for reporting data breach incidents
- ✓ The Portuguese National Cybersecurity Centre (CNCS), responsible for cybersecurity coordination at the national level, carries out risk-assessment strategies, cybersecurity audits, drills, exercises or training, and enforces cybersecurity laws and regulations
- ✓ The regulatory framework establishes minimum cybersecurity protections or mandates minimum cybersecurity standards and cybersecurity safeguards, as well as defines a modus operandi for incident response in case of a major cyber-attack or a compromise of service availability

0/10

Environmental sustainability

- ✗ Absence of national targets for emissions or energy efficiency of electronic communication networks and data infrastructure, such as power usage effectiveness, renewable energy usage, or coefficient of performance (COP)
- ✗ No mandatory environmental reporting or disclosure standards for digital connectivity and data infrastructures

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Internet Utility Service in Portugal

Pillar II: **Governance and Transparency of Internet Service Provision (1/3)**

Portugal score (all cities): **75.6** out of 100 points

Digital services and **Interoperability**

3.1/6.3

Electronic applications for internet connections

- ✓ It is possible to apply electronically for new commercial internet connections
- ✗ It is not possible to track the application online

6.3/6.3

Infrastructure database and platform with planned works

- ✓ Infrastructure database in place for identification of internet service providers' networks and shared database for the network lines of multiple utilities, including electricity, water, and internet
- ✓ Online availability of information about the planned works on utility networks

6.3/6.3

Electronic payments

- ✓ Availability of electronic payment for internet connection and monthly service fees

6.3/6.3

Coordination mechanisms for excavation permits

- ✓ Online system to manage excavation permits

✓ Aspects in line with internationally recognized good practices ✗ Aspects not in line with internationally recognized good practices

Internet Utility Service in Portugal

Pillar II: **Governance and Transparency of Internet Service Provision (2/3)**

Portugal score (all cities): **75.6** out of 100 points

Availability of information and **Transparency**

Transparency of connection requirements

1.3/5

- ✓ Publication of stipulated connection time standards
- ✗ No publication of connection requirements, such as necessary documents, procedures, connection costs

Transparency of planned outages

5/5

- ✓ Publication and announcement of planned internet outages

Transparency of service quality indicators

5/5

- ✓ Online availability of KPIs monitoring the reliability and quality of internet supply

Transparency of tariffs and tariffs settings

0/5

- ✗ Although internet monthly fees are available online and changes in tariffs are communicated to the public, no formulas on how tariff levels are determined are published online or in customer bills

Transparency of complaint processes

5/5

- ✓ Complaint mechanism available to report issues in the provision of internet service. This mechanism exists within the ISPs and is also independent from the ISPs to escalate the complaints
- ✓ Information available online to guide customers to file a complaint includes: entity in charge of managing the complaints, documents necessary to make a complaint, criteria of complaint mechanism, and steps necessary to make a complaint

✓ Aspects in line with internationally recognized good practices ✗ Aspects not in line with internationally recognized good practices

Internet Utility Service in Portugal

Pillar II: **Governance and Transparency of Internet Service Provision (3/3)**

Portugal score (all cities): **75.6** out of 100 points

Monitoring of service supply (includes gender and environment) and Enforcement of safety regulations & consumer protection mechanisms

Monitoring reliability and quality of internet supply

✓ Key performance indicators (KPIs) in place for measuring the reliability and quality of internet supply

- Download/upload speed
- Latency
- Throughput
- Jitter
- Recovery time

Monitoring of access to utility services for women entrepreneurs

✗ ISPs in Portugal do not carry out gender-disaggregated customer surveys to measure the quality of services provided by the utility from the perspective of women-owned businesses:

- Sex of a person answering consumer satisfaction survey
- Sex of a person lodging a complaint related to quality, reliability, and utility's supply services

Cybersecurity protocols in practice

✓ Cybersecurity protocols implemented in practice, such as:

- Cybersecurity breaches reported by the cybersecurity agency to the private sector
- Computer incident response teams or computer emergency readiness team respond to reported cyberattacks or cybersecurity breaches
- Cybersecurity incident response drills, trainings or exercises are carried out in practice to test capabilities to prevent, detect, respond and/or recover from cyberattacks or cybersecurity breaches
- Cybersecurity audits carried out for critical infrastructure operators to detect vulnerabilities and recommend or enforce remedial actions to prevent cyberattacks or cybersecurity breaches

Independent complaint mechanism

✓ Independent complaint mechanism: the compliance mechanism is independent from the ISPs to escalate complaints

✓ Aspects in line with internationally recognized good practices ✗ Aspects not in line with internationally recognized good practices

Internet Utility Service in Portugal

Pillar III: **Operational Efficiency of Internet Service Provision (1/3)**

Portugal score: **69** Ponta Delgada to **93** Lisbon out of 100 points

How does the process of connecting to internet work in Portugal

Step 1

The process to obtain a new fixed internet connection for commercial purposes does not show differences across the country. The connection request can be made electronically, by telephone, or in person at the retail stores of each provider. However, online orders are always completed by telephone. In practice, it is usual for a business customer to go in person to a provider's store to contract a new connection for commercial purposes.

Before requesting a new internet connection, customers can verify the internet coverage of each provider at their building location on the providers' websites, as well as at the regulator's website (https://geo.anacom.pt/publico/home), where it is possible to check the type of internet coverage per provider and location.

Step 2

At the counters, business specialist staff evaluate the best offer depending on the location of the building, the type of company, and the number of employees. To contract the service, it is necessary to submit some documentation such as the company's certificate (*certidão permanente*) and the identification of the company's representative.

In practice, a loyalty contract is usually signed, therefore the installation and activation of the service have no cost.

Step 3

Once the contract is signed, the installation of the service is scheduled. On average, the installation is done two or three days after the contract is signed. Once this step is completed, the service is ready to use.

Source: Subnational Business Ready

Internet Utility Service in Portugal

Pillar III: **Operational Efficiency of Internet Service Provision (2/3)**

- The time it takes to obtain an internet connection varies from three to six days. ANACOM has developed a geospatial platform (geo.anacom), where users can access a set of georeferenced information on electronic communications.
- Users can compare the different offers and prices of internet providers in an interactive tool created by ANACOM (Escolha.com), where the user can filter by type of service, price, location, provider, and connection speed, among other options.
- Since 2004, new buildings must be built with the internal infrastructure prepared to accommodate Internet connections. Currently 95% of buildings in Portugal have the internal infrastructure needed to host Internet service.
- In Ponta Delgada, overhead lines are more frequent than underground connections. The municipality is planning to change the overhead infrastructure to underground cabling.

Time (days) to get an internet connection across Portugal

Source: Subnational Business Ready

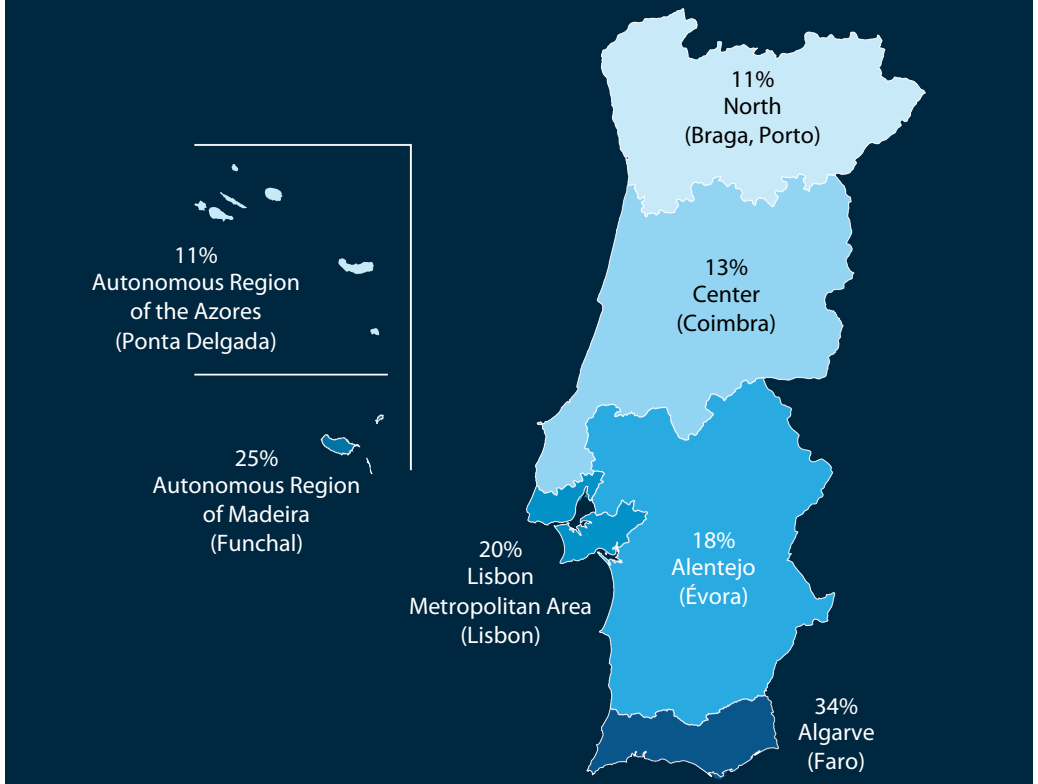
Average time (days) to get an internet connection (country averages)

Source: Subnational Business Ready

Internet Utility Service in Portugal

Pillar III: **Operational Efficiency of Internet Service Provision (3/3)**

Percentage of firms experiencing internet disruptions, by region*

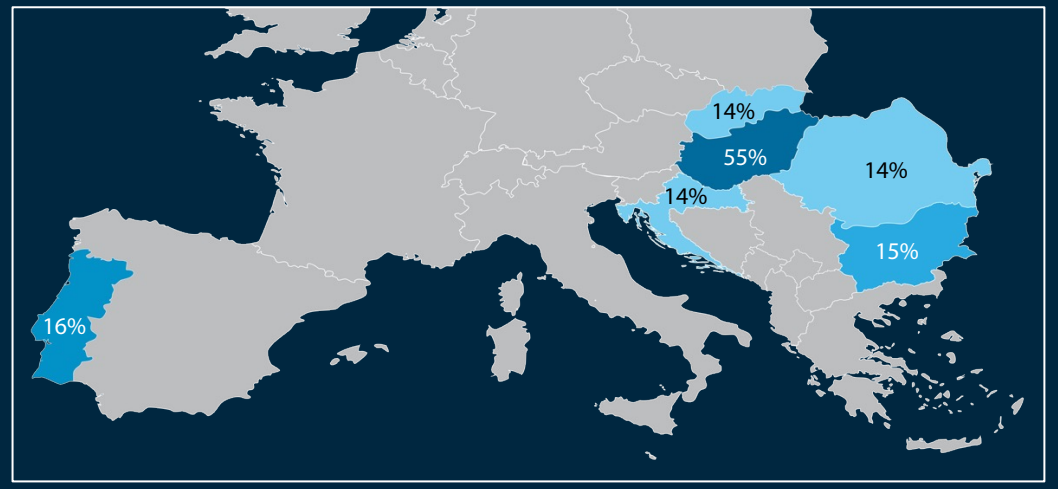


Source: World Bank Enterprise Surveys 2023

*NUTS (Nomenclature of territorial units for statistics), https://ec.europa.eu/eurostat/web/nuts/overview

- Overall, 16% of Portuguese firms reported experiencing internet disruptions, while in the North region and the Autonomous Region of the Azores this figure was only 11%.
- Roughly a third of surveyed firms from the Algarve region and 25% of businesses from the Autonomous Region of Madeira, reported experiencing internet disruptions.
- Most of the covered Portuguese regions are in line with reported percentages from the five other economies benchmarked within the European Union, with the exception of Hungary, where 55% of firms reported experiencing internet service disruptions.

Percentage of firms experiencing internet disruptions (country averages)



Source: World Bank Enterprise Surveys 2023

Subnational Business Ready
in the European Union 2024:
PORTUGAL

5. Dispute Resolution in Detail

Dispute Resolution in Portugal

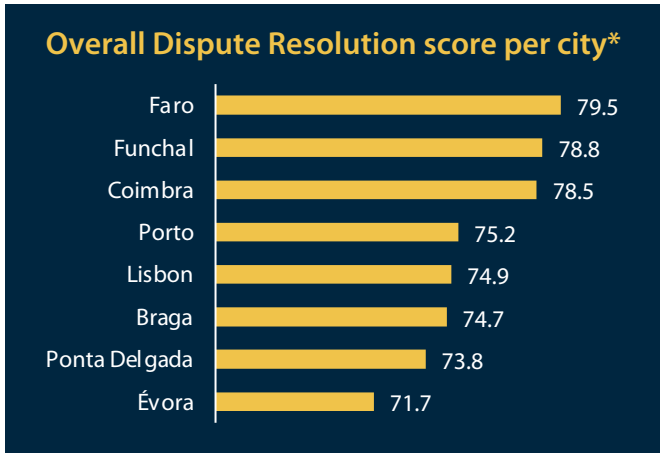
Pillar I: **Regulatory Framework**	Score (all cities): **90**/100
Pillar II: **Public Services**	Score (all cities): **68.3**/100
Pillar III: **Ease of Resolving a Commercial Dispute**	Score: **56.7** (Évora) to **80.3**/100 (Faro)

Time (days):	Court litigation: **450** (Ponta Delgada) to **750** (Évora)
	Enforce a judgment: **60** (Coimbra) to **180** (Faro)
Cost (% of claim value*):	Court litigation: **2.6%** (Faro) to **11.8%** (Porto)
	Enforce a judgment: **0.4%** (Faro) to **5%** (Coimbra)

*For a claim value of EUR 403,977, equal to 20 times the 2021 GNI per capita. Portugal's 2021 GNI per capita is EUR 20,199

Main findings

- In Portugal, laws and regulations apply uniformly across the country (Pillar I). Cities in Portugal implement all international good practices for judicial integrity. The country has a well-developed regulatory framework for alternative dispute resolution mechanisms (arbitration and mediation).
- Implementation and availability of public services used for dispute resolution are consistent across continental Portugal and the autonomous regions of the Azores and Madeira (Pillar II). The country has digitalized its court processes by implementing numerous good international practices in its judicial system.
- Time for court litigation varies across the country (Pillar III). Resolving a commercial case is fastest in Ponta Delgada while it takes the longest in Évora and Lisbon. The main reason for time variations is the higher caseload in bigger cities, as well as an insufficient number of available courtrooms and clerks which impacts judges' calendars.
- Costs of court litigation vary mainly due to the differences in attorney fees, as court fees are nationally regulated (Pillar III).



Source: Subnational Business Ready *Scale from 0 to 100 (higher = better)

Dispute Resolution in Portugal

Why is dispute resolution important?

- Strong judiciaries and effective dispute resolution processes are needed for the development of the private sector.
- When courts complete dispute resolution processes in a timely and cost-effective manner, businesses borrow and invest more.[57]
- Reliability of the judiciary is equally important: strong court systems attract more investors and expansion of business.[58]

What does the Dispute Resolution topic measure?

Pillar I: Regulatory Framework

Quality of regulations for dispute resolution

- Time standards for major procedural steps in commercial litigation
- Availability of pre-trial conference, default judgment and standards in environmental disputes
- Recusal of judges and code of ethics for judges and enforcement agents
- Access to arbitration, independence and impartiality of arbitrators and mediators

Pillar II: Public Services

Public services for dispute resolution

- Organizational structure of courts and review mechanisms to support judicial integrity
- Digitalization of case management and communication with courts
- Publication of judgments and information on composition and performance of courts
- Public services for arbitration and mediation

Pillar III: Ease of Resolving a Commercial Dispute

Operational efficiency and reliability of court and arbitration processes

- Time and cost for court litigation (first instance, mediation, and appeal procedures)
- Time and cost to enforce a final domestic judgment
- Time and cost for an arbitration procedure
- Time and cost for recognition and enforcement of foreign judgments and foreign arbitral awards

For more information, please refer to the *Business Ready Methodology Handbook:* https://www.worldbank.org/en/businessready

57 Moro, Maresch, and Ferrando. 2018; Koutroumpis and Ravasan, 2020.

58 World Bank, 2004; Staats and Biglaiser, 2011; World Bank, 2019.

Dispute Resolution in Portugal

Recent reforms and changes in dispute resolution

- **Ordinance no. 267/2018** amended the electronic processing of court cases and introduced a set of measures aimed to improve access to justice for citizens. The Ordinance established the creation of the Digital Court Services Area (https://tribunais.org.pt/) platform that allows parties with a digital signature to access and view information related to their court cases.
- **Amendments to the Code of Civil Procedure (Decree-Law no. 97/2019, Law no. 55/2021)** introduced improvements in electronic processing by increasing electronic data storage and allowed the random assignment of cases among Portuguese judges.
- As of July 2023, the Institute of Financial Management and Justice Equipment (IGFEJ) introduced **online access to audio recording of court hearings** through the electronic platform *Citius*. Lawyers can request such access via *Citius* itself or from the court secretariat. The new service replaced the earlier model of recorded court hearings stored on compact disks, which were physically collected by the court clerks.

Upcoming reforms

- In October 2023, the Supreme Court of Justice and the Judicial High Council signed a protocol to allow the **publication of certain first instance judgments by mid-2024.** For that purpose, a separate electronic platform, currently being used only in the Supreme Court of Justice, will be expanded and designed to erase personal data from all court documents, including judgments, before their publication.

Dispute Resolution in Portugal

Relevant legislation and main stakeholders

Relevant laws and regulations in Portugal

- **Civil Code:** codification of private law provisions related to contracts, rights and obligations of contractual parties, property, and other civil law matters.
- **Code of Civil Procedure:** main text regulating the rules of civil procedure in Portugal, including commercial litigation and the enforcement process.
- **Law on the Organization of the Judicial System:** regulates the organization of the entire legal system in Portugal, levels and authority of courts.
- **Law on the Justices of the Peace:** regulates the competence, organization and functioning of the justices of the peace, as well as the processing of cases under their jurisdiction (small claims courts).
- **Voluntary Arbitration Law:** regulates domestic and international voluntary arbitration procedure.
- **Civil and Commercial Mediation Law:** establishes the general principles applicable to the mediation process in Portugal, as well as legal regimes for civil and commercial mediation.

Public institutions and services for dispute resolution

- **District Court:** court of first instance that hears civil, criminal, labor, commercial, family, insolvency, and enforcement cases.
- **Central Civil Division:** division of district courts to conduct the process and hear, *inter alia*, commercial cases with a claim value above EUR 50,000.
- **Local Civil Division:** division of district courts to conduct the process and hear, *inter alia*, commercial cases with a claim value up to EUR 50,000.
- **Arbitration courts:** Portugal has several arbitration courts across the country. The most used arbitration institution for commercial cases, with a claim value of EUR 403,977, is the Commercial Arbitration Center of the Portuguese Chamber of Commerce and Industry.
- **Enforcement agents (bailiffs):** enforcement professionals freely chosen by creditors or appointed by courts from the official list of enforcement agents. Enforcement agents in Portugal are private employees performing public functions.
- **Digital Court Services Area** (https://tribunais.org.pt) is a platform that gives citizens access to the judicial system and allows them to perform actions such as seeing court documents and scheduling court appearances.

Dispute Resolution in Portugal

Pillar I: **Quality of Regulations for Dispute Resolution (1/2)**

Portugal score (all cities): **90** out of 100 points

Court litigation

Procedural certainty

- ✓ Time standards for a judge to issue a judgment
- ✓ Time standards for deciding on a request for an interim measure
- ✓ Time limit on suggesting new evidence
- ✓ Time standards for filing a statement of defense and issuing an expert opinion
- ✓ Default judgment available
- ✓ Possibility of holding a pre-trial conference
- ✗ No maximum number of adjournments
- ✗ No time standards for serving a complaint on the defendant

Judicial integrity

- ✓ Judges are required to recuse themselves in case of conflict of interest
- ✓ Parties are allowed to challenge judges' impartiality or independence
- ✓ Judges are required to disclose assets publicly
- ✓ Code of ethics for judges and enforcement agents
- ✓ No restrictions for women to become judges
- ✓ Women have the same rights as men in commercial litigation

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Dispute Resolution in Portugal

Pillar I: **Quality of Regulations for Dispute Resolution (2/2)**

Portugal score (all cities): **90** out of 100 points

Alternative dispute resolution

Legal safeguards in arbitration

- ✓ Arbitrability of immovable property and intellectual property disputes
- ✓ Disclosure of arbitrators' conflict of interest
- ✓ Parties have right to question arbitrators' independence and impartiality
- ✓ Court can order interim measures in support of arbitration
- ✓ Arbitration of commercial disputes with state-owned enterprises and public bodies
- ✓ Selection of arbitrators regardless of professional qualification, gender, and nationality
- ✗ No third-party funding in investor-state arbitration
- ✗ No selection of legal counsel regardless of professional qualification, nationality, or admission to court or professional organization

Legal safeguards in mediation

- ✓ Commercial mediation is not mandatory
- ✓ Mediators have the duty to disclose conflict of interest
- ✓ Mediators cannot serve as an arbitrator in same or similar contract or legal relationship
- ✓ Evidence disclosed in mediation cannot be used in other legal proceedings
- ✓ Special enforcement regime for mediation settlement agreements
- ✗ No specific rules on recognition and enforcement of international mediation settlement agreements that do not have a court approval

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Dispute Resolution in Portugal

Pillar II: Public Services for Dispute Resolution (1/2)

Portugal score (all cities): **68.3** out of 100 points

14.8/22.2 Organizational structure of courts

- ✓ Automated assignment of cases
- ✓ Existence of small claims courts or fast-track procedures
- ✓ Review mechanisms for complaints against misconduct of judges and enforcement agents
- ✗ No review mechanism for complaints against decision on appointment and promotion of judges
- ✗ No existence of a specialized commercial court or division dedicated to hearing commercial cases

- Courts in Portugal have separate commercial divisions in district courts. However, judges in commercial divisions do not hear commercial cases defined as a legal dispute between two or more business entities in conduct of their operations as a result of a failure to meet the terms or expectations of an agreement.
- Commercial divisions in Portuguese district courts hear cases related to insolvency proceedings, restructuring, liquidation and dissolving of companies, exercise of corporate rights, and issues related to the Commercial Registry.

20.8/22.2 Digitalization of court processes

- ✓ Electronic filing of initial complaint
- ✓ Exchange of documents through an electronic platform
- ✓ Electronic communication with courts and enforcement agents
- ✓ Admissibility of digital evidence
- ✓ Virtual hearings conducted when requested by parties
- ✓ E-payment of court fees, e-tracking of cases, online access to court schedules
- ✓ Issuing of court decisions in electronic format
- ✓ Online auctions
- ✗ No electronic service of the initial complaint

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Dispute Resolution in Portugal

Pillar II: Public Services for Dispute Resolution (2/2)

Portugal score (all cities): **68.3** out of 100 points

Transparency of courts (includes gender)

11.6/22.2

- ✓ Public access to all legal instruments
- ✓ Public access to in-person court hearings
- ✓ Publication of judgments at supreme and appellate levels
- ✓ Statistics on the number of judges, disaggregated by individual court and sex, publicly available
- ✗ No statistics on disposition rate and clearance rate per category of cases
- ✗ No statistics on efficiency of enforcement proceedings per category of cases
- ✗ Information of appointment and promotion of judges is not publicly available
- ✗ No public access to online court hearings
- ✗ All judgments at the first instance level are not published

Public services for arbitration (includes gender)

12.2/16.7

- ✓ Availability of commercial arbitration
- ✓ Published roster of all arbitrators
- ✓ Virtual conferences in arbitration
- ✓ Electronic signing of arbitral awards
- ✓ Statistics on the number of cases resolved through arbitration
- ✗ No online platform for arbitration
- ✗ No publication of summaries of arbitral awards
- ✗ No publication of statistics on time to resolve cases in arbitration

Public services for mediation (includes gender)

8.9/16.7

- ✓ Availability of commercial mediation services
- ✓ Publicly available roster of all mediators
- ✓ Virtual conferences in mediation
- ✓ Electronic signing of mediation agreements
- ✗ No financial incentives to use mediation
- ✗ No electronic filing of a request to mediate
- ✗ No statistics available on the number of cases per category resolved through mediation
- ✗ No statistics available on the number of mediators disaggregated by sex

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Dispute Resolution in Portugal

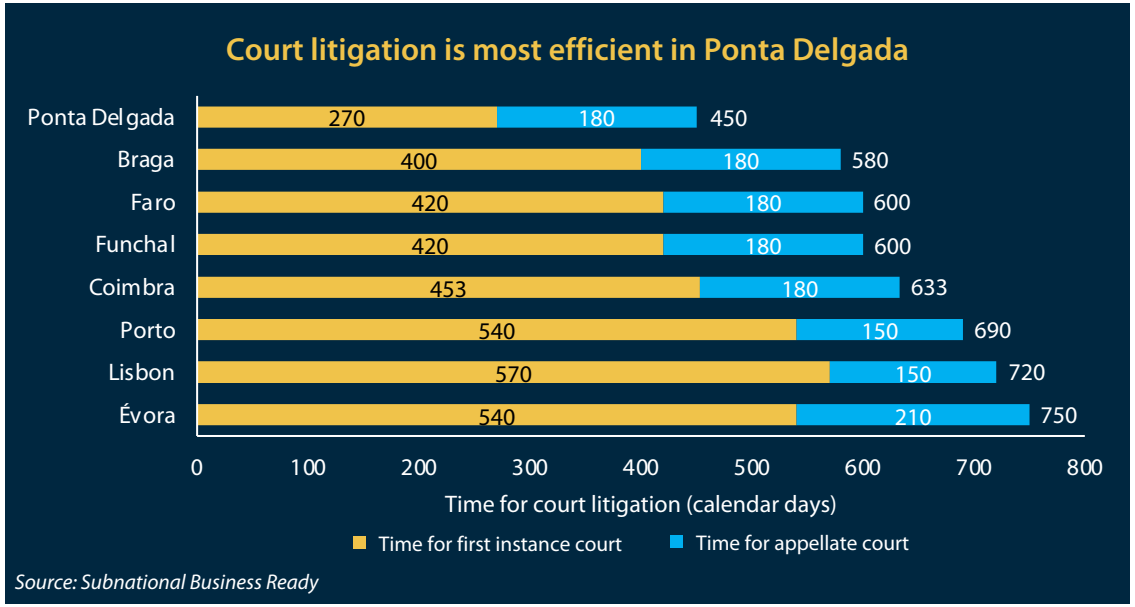
Pillar III: **Operational Efficiency and Reliability of Court and Arbitration Processes (1/4)**

Portugal score: **56.7** Évora to **80.3** Faro out of 100 points

Time for court litigation (days): **450** to **750**

First instance procedure at local district courts

- Overall, court litigation is fastest in Ponta Delgada and takes the longest in Lisbon and Évora, mainly due to differences in the time to complete the first instance procedure. Across Portugal, significant time differences in the first instance procedure are found between pre-trial and first trial hearings. Large cities, such as Lisbon and Porto, experience higher caseloads, while smaller cities, such as Évora, have an insufficient number of courtrooms.
- With 270 days, Ponta Delgada is the fastest city in Portugal to resolve a commercial case in the first instance court. The court in Ponta Delgada serves the initial complaint in 11 days compared to 45 days in Lisbon. In Ponta Delgada, the court schedules the first trial hearing 45 days after the pre-trial hearing, considerably faster than courts in Évora (180 days) and Faro (270 days). A limited number of big companies and fewer commercial cases above EUR 50,000 are major contributors to the swiftness of the Ponta Delgada court.
- With 570 days to resolve a commercial case in the first instance, Lisbon is the slowest city in Portugal. The city is followed by Porto and Évora with 540 days, respectively. Judges in Lisbon schedule a first hearing 120 days after the pre-trial hearing is held. In Porto and Évora, a first hearing is scheduled only 180 days after the closing of the pre-trial hearing. With 270 days, judges in Faro take the longest to schedule the first trial hearing. The court in Faro lacks courtrooms: five judges share three courtrooms, which impacts their calendars and availability for hearings.
- In Évora, according to the judges interviewed for this study, the lack of courtrooms and the judges' busy schedules largely contribute to longer times for scheduling the first hearing. The court in Évora has only one courtroom that is shared between four judges. Since the same court division hears both criminal and civil, including commercial cases, priority is given to criminal cases that require a panel of three judges. This has a major impact on judges' calendars for civil and commercial cases.
- Courts in Porto and Lisbon both have an insufficient number of clerks, which impacts judges' work. Porto has a shortage of 137 while Lisbon lacks 263 clerks.[59] Courts in both cities have the highest caseloads in Portugal: judges in Lisbon oversee 24.2 cases per month, on average, while in Porto, each judge has 30.3 cases per month. In Ponta Delgada, judges have, on average, only 8.9 cases per month. Finally, the court in Lisbon adjudicates a higher number of complex commercial cases, as most of the biggest Portuguese and international companies are headquartered in the city.



Source: Subnational Business Ready

59 Portugal, Conselho Superior da Magistratura, 2022.

Dispute Resolution in Portugal

Pillar III: **Operational Efficiency and Reliability of Court and Arbitration Processes (2/4)**

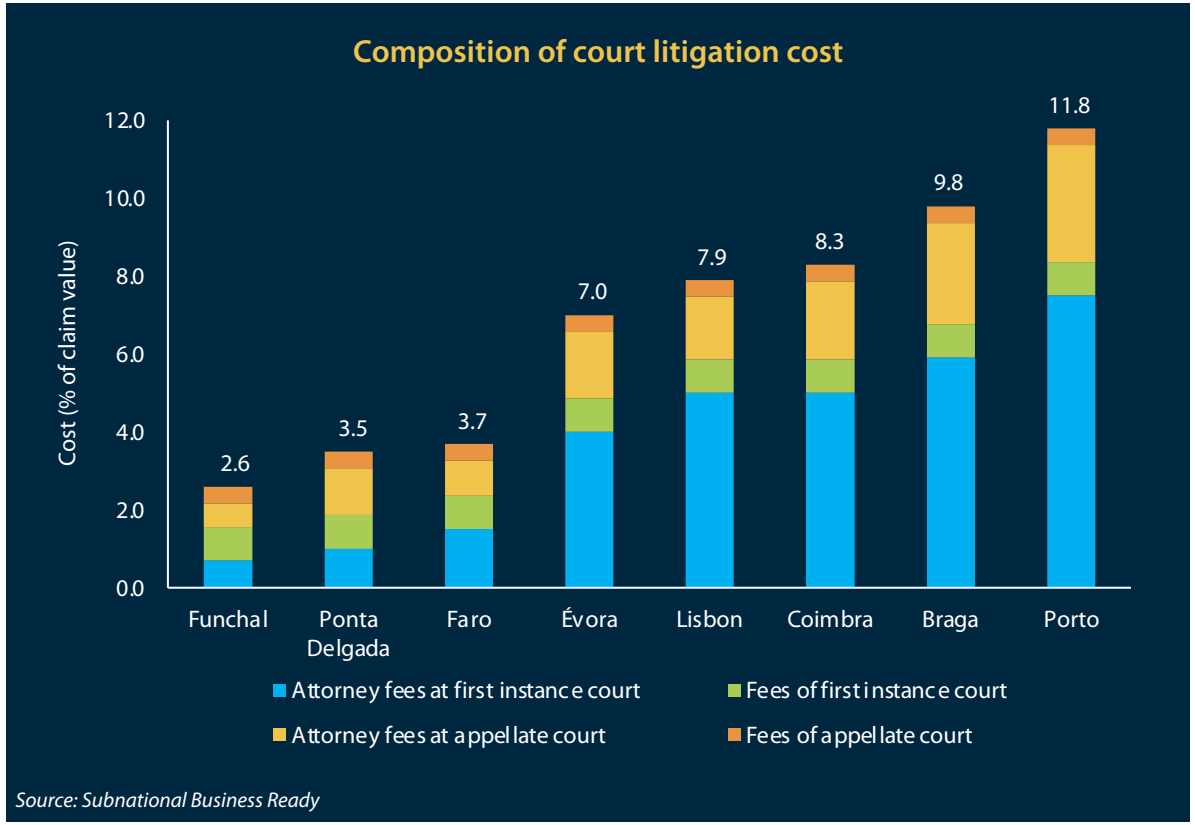
Cost for court litigation (% of claim value): **2.6%** to **11.8%**

Attorney fees

- Attorney fees across the country vary as there are no national regulations on minimum attorney fees. For the first instance procedure, lawyers charge more in bigger cities in continental Portugal (Porto with 7.5%, followed by Braga and Lisbon with 5.9% and 5%, respectively), due to the presence of large domestic and international companies in these cities.
- In the Autonomous Region of the Azores and Madeira, where Ponta Delgada and Funchal are located, lawyers charge only 1% and 0.7%, respectively. This lower attorney fees can be explained by, among other factors, the relatively lower financial capacity of locally-based companies.

Court fees

- Court fees in Portugal are nationally regulated and charged in accordance with the Decree Law no. 34/2008 on the Regulation of Litigation Costs.
- Courts in Portugal charge the same fees for the first instance procedure across the country: EUR 3,468, equivalent to 0.86% of the claim value.
- Court fees for the appellate procedure are EUR 1,734, equal to 0.43% of the claim value.



Source: Subnational Business Ready

Dispute Resolution in Portugal

Pillar III: Operational Efficiency and Reliability of Court and Arbitration Processes (3/4)

How does the enforcement of a final domestic judgment work in practice

Lawyer sends an enforcement request to the court, together with the court fee (EUR 51).

→

Enforcement agent receives the case (the creditor pays the enforcement agent a fee of EUR 76.5) and carries out a search for assets in the debtor's bank accounts. If assets are seized, an additional payment of EUR 51 is made.

→

The debtor is notified of the search and seizure and has 20 days to oppose the enforcement.

→

If there is no opposition from the debtor, the enforcement agent sends the final bill to the creditor and the debtor.

→

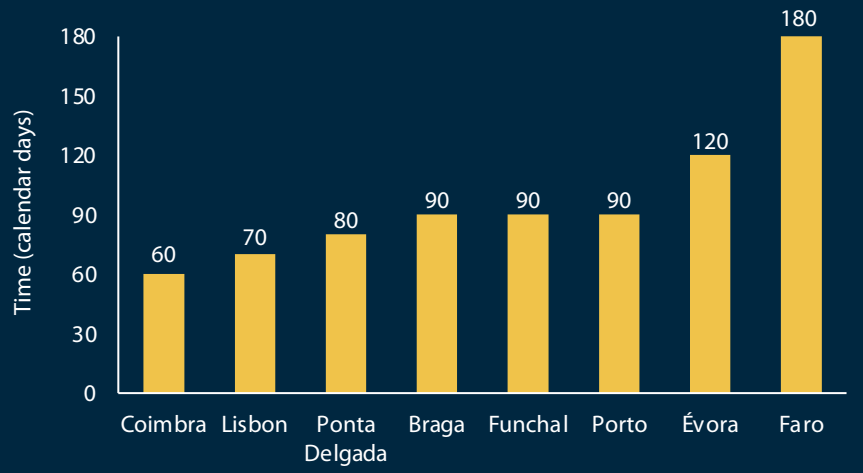
After 10 days, if the parties have no complaints about the final bill, the enforcement agent transfers the funds to the creditor.

Source: Subnational Business Ready

Time to enforce a judgment (days): **60** to **180**
Cost to enforce a judgment (% of claim value): **1.4%** to **5%**

- In Portugal, a final domestic judgment issued in a commercial dispute is enforced with the support of private enforcement agents that exercise public authority.
- In six of the eight measured cities in Portugal, the enforcement procedure is completed in 60 to 90 days. The variation is mostly due to how quickly the enforcement agents complete the necessary steps and transfer funds to the creditor. This mainly depends on the number of active cases that each enforcement agent has.
- On the contrary, it takes 120 and 180 days to enforce a final domestic judgment in Évora and Faro, respectively. According to private sector respondents interviewed for this study, creditors in Faro do not often use the option to personally choose the enforcement agent. Instead, the court needs to randomly assign the enforcement agent from the official list. This impacts the overall time as randomly assigned agents often take longer to complete the enforcement process.
- Enforcement fees comprise attorneys' fees. Lawyers in Portugal charge anywhere from up to 1% of the claim value in Porto, Funchal, and Faro to 5% in Coimbra. Lawyers on the Portuguese islands charge lower fees in line with the financial capacity of locally-based companies. Respondents in Coimbra stated that they charge their fees at the end of the enforcement process, once the creditor receives the transferred funds and has the capacity to pay for the legal services provided.
- The creditor also pays fees to the court and enforcement agents amounting to EUR 178.5 (0.04% of the claim value). These fees are paid out of the debtor's seized bank account funds and not calculated towards the enforcement costs.

Time to enforce a judgment



Source: Subnational Business Ready

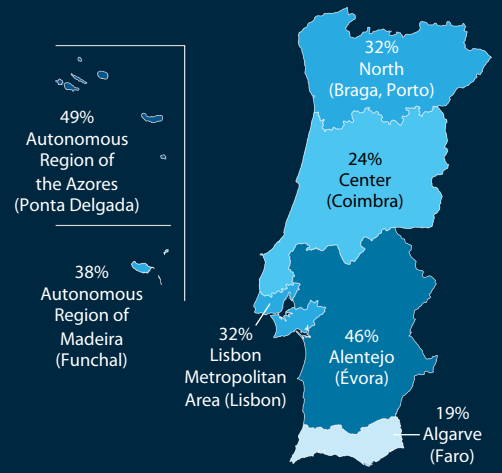
Dispute Resolution in Portugal

Pillar III: Operational Efficiency and Reliability of Court and Arbitration Processes (4/4)

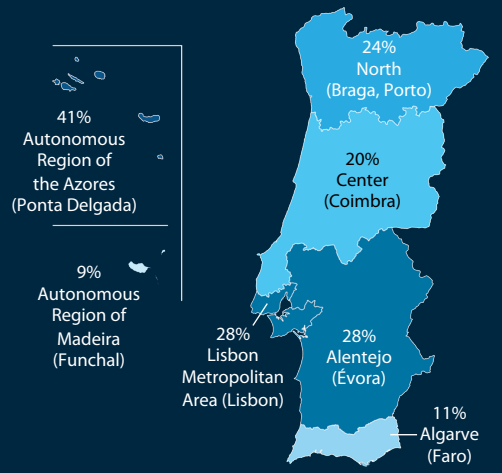
Reliability of courts and alternative dispute resolution

- Among the Portuguese regions, the Autonomous Region of the Azores (including Ponta Delgada) has the largest share of firms that do not find courts to be independent and impartial and the largest share of firms that do not find arbitration a reliable alternative to courts.
- Countrywide, 31% of Portuguese firms do not find the courts to be independent and impartial.
- The share of firms that do not find mediation to be a reliable alternative to courts is the greatest in the Alentejo region (including Évora) at 27%, followed slightly behind by the Lisbon Metropolitan Area (including Lisbon) and the Autonomous Region of the Azores (including Ponta Delgada) at 25%.
- Countrywide, 19% of Portuguese firms find courts to be a constraint to business operations.

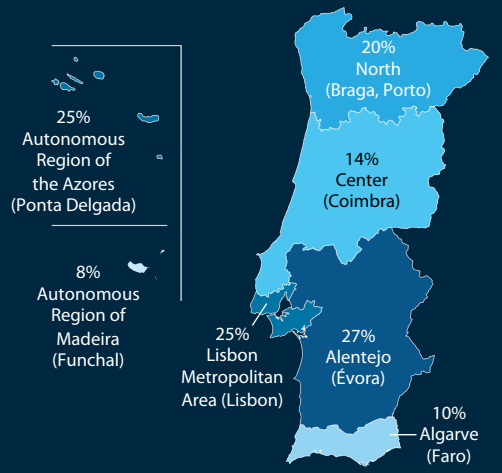
Percent of firms that do not find the courts to be independent and impartial



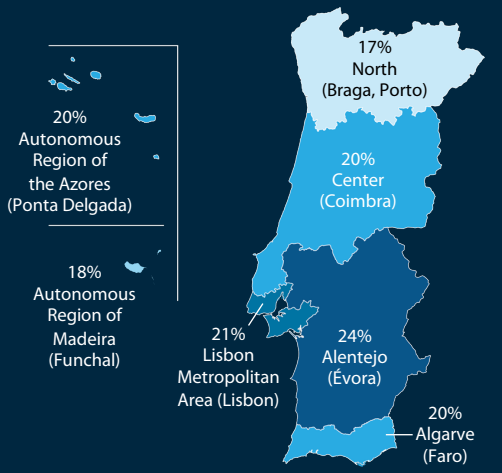
Percent of firms that do not find arbitration to be a reliable alternative to courts



Percent of firms that do not find mediation to be a reliable alternative to courts



Percent of firms that find the courts to be a constraint to business operations



Source: World Bank Enterprise Surveys 2023
*NUTS (Nomenclature of territorial units for statistics), https://ec.europa.eu/eurostat/web/nuts/overview

Dispute Resolution in Portugal

Areas of improvement for Dispute Resolution (1/2)

Establish specialized commercial courts or commercial divisions

Establishing specialized commercial courts or divisions is considered a good international practice. Having such courts or divisions contributes to a higher efficiency of commercial litigation as they have judges with specialized knowledge and streamlined procedures.

Courts in Portugal do have separate commercial divisions. However, judges in commercial divisions in Portugal do not hear commercial cases where two or more business entities enter a dispute after a failure to meet the terms or expectations of their business agreement. Judges in commercial divisions in Portuguese courts hear insolvency, restructuring, liquidation, or cases related to the Commercial Registry.

As defined, commercial cases are heard by judges in either the Central Civil or Central Civil and Criminal Divisions of district courts. Therefore, judges in Portugal adjudicate other types of civil or even criminal cases, together with commercial cases. Courts in Portugal with higher time to complete first instance commercial procedures also have more complex cases, which require specialized knowledge by judges.

Portugal could analyze the caseloads of commercial cases and, in locations with a higher number and more complex cases, introduce specialized courts or divisions that would allow judges to develop specialized knowledge. Since Portugal already has commercial divisions in district courts, expanding their jurisdiction to include all general commercial cases could result in a more efficient completion rate at the first instance level.

Relevant stakeholders: Ministry of Justice; Judicial High Council

Dispute Resolution in Portugal

Areas of improvement for Dispute Resolution (2/2)

Publish all judgments at the first instance level

Publishing court judgments in a searchable database free of charge strengthens judicial transparency. The visibility of information on the outcome of commercial cases improves public trust and the confidence among investors on how the regulations are applied in practice.

Portugal publishes only judgments of supreme and appellate courts. Judgments of first instance courts are still not available online for entrepreneurs and legal practitioners to consult.

The Supreme Court of Justice of Portugal and the Judicial High Council initiated a project that will allow the publication of certain first instance judgments in an electronic platform. However, the pilot project has the goal to publish only a limited number of judgments, which does not help with building legal certainty.

Portugal could replicate the model of other European Union Member States. In 2021, Romania introduced the ReJust portal designed to allow citizens to access decisions issued by Romanian courts. Decisions published in the portal are anonymized, available free of charge upon simple registration, and allow consultation of all first instance judgments.

Relevant stakeholders: Ministry of Justice; Judicial High Council

6. Business Insolvency in Detail

Business Insolvency in Portugal

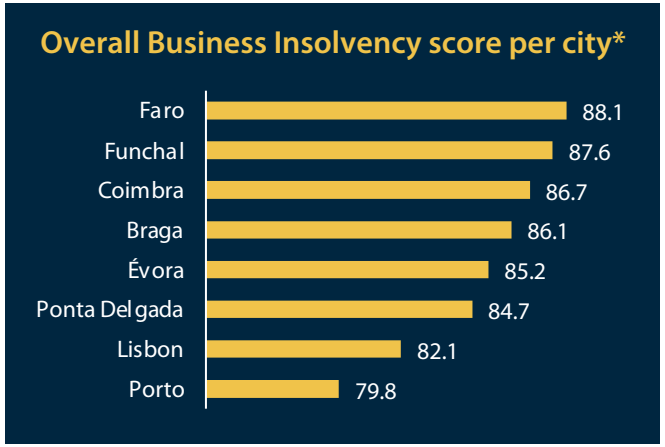
Pillar I: **Regulatory Framework**	Score (all cities): **69.1**/100
Pillar II: **Public Services**	Score: **86.7** (Évora, Ponta Delgada) to **96.7**/100 (6 cities)
Pillar III: **Operational Efficiency**	Score: **73.8** (Porto) to **100**/100 (Évora)

Time (months):	Liquidation: **7.5** (Évora) to **55.6** (Porto)
	Reorganization: **2.3** (Funchal) to **5** (Coimbra)
Cost (% of market value of the insolvent company*):	Liquidation: **1%** (Ponta Delgada, Évora) to **12%** (Lisbon)
	Reorganization: **1%** (Faro, Funchal) to **7.5%** (Lisbon)

*For an insolvent's company market value of EUR 3,029,828, equal to 150 times the 2021 GNI per capita. Portugal's 2021 GNI per capita is EUR 20,199

Main findings

- In Portugal, the regulatory framework for business insolvency is uniform across the country (Pillar I). It includes most insolvency tools, including out-of-court procedures. There is room for improvement to achieve internationally recognized good practices by introducing exceptions or relief for the automatic stay of proceedings that protect public policy interests, perishable assets, or indispensable assets; electronic means for creditor voting on reorganization plans; and specialized insolvency proceedings for micro, small, and medium enterprises.
- Public services provision for business insolvency is largely uniform with only minimal variations between cities, mainly due to the absence of commercial courts in Évora and Ponta Delgada (Pillar II). Portugal expanded the number of commercial courts with jurisdiction over insolvency proceedings in its judicial reform of 2013.
- Since 2009, Portugal's judicial system has undergone significant digitalization, starting with the launch of the *Citius* portal for electronic case management, which has been consistently improved. In 2013, the Civil Procedure Code was enacted, favoring electronic auctions. In 2021, the introduction of the *Magistratus* software further facilitated judges' work, enabling them to compile a dossier of relevant documents. However, better access and interconnectivity between *Citius* and other public sources can improve data accuracy and be a key driver of efficiency.
- Larger cities with a higher volume of cases in commercial courts have longer timelines for both insolvency and reorganization proceedings, compared with smaller cities (Pillar III). Larger cities also incur higher costs for proceedings. This is due to the method of calculating insolvency administrators' fees, which rewards successful reorganizations or liquidations.



Source: Subnational Business Ready *Scale from 0 to 100 (higher = better)

Business Insolvency in Portugal

Why is business insolvency important?

- An efficient insolvency system promotes new firm creation and encourages greater entrepreneurial activity.[60]
- It permits an effective exit of non-viable companies, so that entrepreneurs can reinvent themselves, by stimulating the reallocation of productivity-enhancing capital and promoting business creation and access to finance.
- It ensures the survival of economically viable business by reorganizing their financial structure, with the aim of encouraging more dynamic entrepreneurial activity and job creation.
- The stability of the financial system also depends on an efficient insolvency framework. Investors are willing to commit only when nonviable firms can be rapidly liquidated and viable firms reorganized.[61]

60 Cirmizi, Klapper, and Uttamchandani, 2012.
61 Menezes, 2014.

What does the Business Insolvency topic measure?

Pillar I: Regulatory Framework

Quality of regulations for judicial insolvency proceedings

- Legal and procedural standards
- Assets and stakeholders
- Specialized proceedings

Pillar II: Public Services

Quality of institutional and operational infrastructure for judicial insolvency proceedings

- Digitalization and online services
- Public officials and insolvency administrators

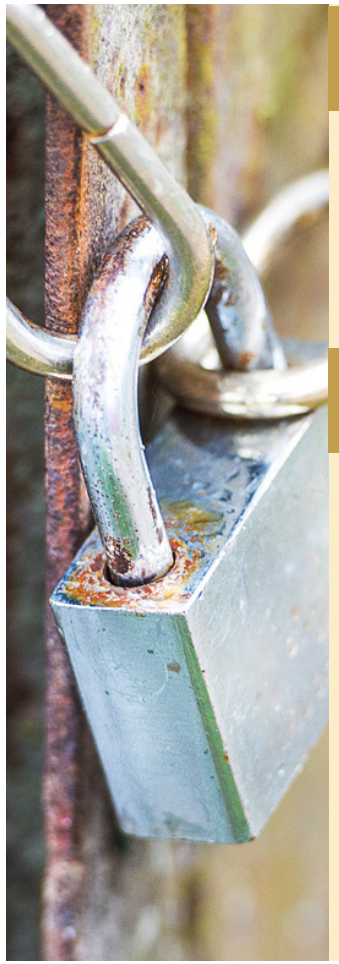
Pillar III: Operational Efficiency

Operational efficiency of resolving judicial insolvency proceedings

- Time and cost to resolve a liquidation proceeding
- Time and cost to resolve a reorganization proceeding

For more information, please refer to the *Business Ready Methodology Handbook:* https://www.worldbank.org/en/businessready

Business Insolvency in Portugal



The insolvency legal framework in Portugal

The Insolvency and Corporate Recovery Code outlines two distinct stages for indebted companies undergoing court-supervised reorganization. The first stage, the Special Revitalization Proceeding (PER), takes place before the insolvency declaration and serves as an alternative to insolvency for financially viable companies. The second stage occurs post-insolvency and is referred to as a reorganization plan. Most practitioners in Portugal use the PER proceeding.

Trends in Portuguese insolvency proceedings after the COVID-19 pandemic

Despite the COVID-19 pandemic, most experts did not notice an increase in reorganization or insolvency proceedings, nor did they experience delays. They attributed this to government support programs and to the use of advanced technology in courts, respectively.

- Virtual hearings were authorized as a trial measure during the COVID-19 pandemic (Law no. 1-A/2020, of March 19). This permitted the continuation of ongoing cases, including insolvency proceedings. This legislation was in force until July 4, 2023.
- The Portuguese parliament enacted a temporary law that introduced the Extraordinary Business Viability Procedure (known as PEVE), aimed at assisting debtors in overcoming the consequences of the lockdowns on their businesses (Law no. 75/2020, of November 27). This legislation was in force until June 30, 2023.
- According to statistics, the number of insolvent companies decreased between 2020 to 2022, and then increased in 2023, coinciding with the time when the support programs ended.

Relevant laws and regulations in Portugal

- **Insolvency and Corporate Recovery Code** (CIRE) (Decree-Law no. 53/2004, of March 18): regulates in-court and out of court liquidation and reorganization proceedings.
- **Commercial Companies Code** (Decree-Law no. 262/86, of September 2): regulates activities of incorporated entities.
- **Statute of the Judicial Administrator** (Law no. 22/2013, of February 26): regulates the profession of insolvency administrators, their duties and responsibilities.
- **Regulation of Procedural Costs** (Decree-Law no. 34/2008, of February 26): regulates court costs for in-court proceedings, including for liquidation and reorganization.
- **Labor Code** (Law no. 7/2009, of February 12): regulates labor contracts and provides about guarantees for employees of insolvent companies.
- **Code of Civil Procedure** (Law no. 41/2013, of June 26): regulates, *inter alia*, in-court litigation and insolvency proceedings.

Business Insolvency in Portugal

Pillar I: **Quality of Regulations for Judicial Insolvency Proceedings**

Portugal score (all cities): **69.1** out of 100 points

Information and procedural standards in insolvency proceedings

Legal and procedural standards

19.5/30

- ✓ Obligations of the company's management during pre-insolvency are based on duty of care and duty of loyalty, under the risk of becoming personally liable for damage and losses
- ✓ Effective out-of-court restructuring mechanisms are available
- ✓ Commencement of formal proceedings by creditors is possible, except for pre-insolvency reorganization proceedings
- ✓ Conversion from reorganization to liquidation is allowed by law
- ✓ Requirements to become an insolvency administrator are outlined by law
- ✓ Mechanisms for selection and dismissal of insolvency administrator are legally established
- ✗ No electronic voting of reorganization plans

Debtor's assets and creditor's participation

39.6/50

- ✓ Automatic stay of proceedings, which refrains enforcement of credit payment, is applicable
- ✓ Continuation of existing essential contracts is possible in the best interest of business viability
- ✓ Rejection of burdensome contracts is possible in the best interest of business viability
- ✓ Post-commencement credit is available for the reorganization plan, which must specify its terms and purpose
- ✗ There is no implementation of exceptions or relief for the automatic stay of proceedings

Specialized insolvency proceedings and international insolvency

10/20

- ✓ Existence of a framework and recognition of foreign insolvency proceedings
- ✓ Existence of a legal framework for cooperation with foreign courts
- ✗ No specialized insolvency proceedings for micro, small, and medium enterprises (MSMEs)

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Business Insolvency in Portugal

Pillar II: **Quality of Institutional and Operational Infrastructure for Insolvency Proceedings (1/2)**

Portugal score: **86.7** (Évora, Ponta Delgada) to **96.7** (6 cities) out of 100 points

- Public services are available homogeneously across Portuguese cities.
- The main difference for Pillar II is the lack of specialized Commercial Courts in Évora and Ponta Delgada.

40/40

Digital services (e-Courts) in insolvency proceedings

- The insolvency judicial system underwent digitalization through a platform called *Citius* in 2009, eliminating the need for hard copies. Since its inception, the platform has been enhanced to support electronic filing and visualization of procedures for debtors, creditors, insolvency administrators, and judges.
- Judges are receiving training to use a new software named *Magistratus*, which enables them to consult, prepare, and annotate case files, including research content within documents.
- As a rule, auctions in Portugal are conducted electronically, which has helped to enhance transparency and expedite sales. The official platform for electronic auctions is "*e-leilões*." Insolvency administrators have the option to choose an alternative auction platform, if justified.

36.7/40

Interoperability of services in insolvency proceedings, public information on insolvency proceedings and registry of insolvency practitioners

- *Citius* allows citizens to consult relevant information, such as a list of companies with more than 200 lawsuits, collection actions, publicity of reorganization and insolvency proceedings, sale of pledged assets, and online registry certificates.
- Judgments and insolvency proceedings statistics are publicly available on the *Citius* website.
- The official list of insolvency administrators can be found on the website of the Commission for Monitoring Justice Assistants (CAAJ), the administrative entity responsible for overseeing and disciplining judicial administrators.

Interconnectivity challenges between the *Citius* platform and other public sources

Despite the existence of interoperability between the *Citius* platform and external sources, there is room for improvement. Insolvency administrators have noted discrepancies in information that inaccurately reflects the financial situation of insolvent companies. In theory, judicial administrators are entitled to access databases from the tax administration, social security, registry offices, and other similar records and files, as stipulated in Article 11 of the Statute of the Judicial Administrator. However, accessing such information and issuing registry office certificates for asset seizure are unreliable, complicating the work of insolvency administrators. Moreover, insolvency administrators' difficulties in accessing fiscal information, which they must request from judges, causes delays in the process. Better access and interconnectivity between the *Citius* platform and other public sources can be a key driver for increased efficiency, as outlined in the Statute of the Judicial Administrator.

Business Insolvency in Portugal

Pillar II: **Quality of Institutional and Operational Infrastructure for Insolvency Proceedings (2/2)**

Portugal score: **86.7** (Évora, Ponta Delgada) to **96.7** (6 cities) out of 100 points

Évora, Ponta Delgada: **0/10**

6 cities: **10/10**

Specialization of insolvency courts or bankruptcy judges

- There are commercial courts in all cities, **except for Évora and Ponta Delgada**.
- In Évora and Ponta Delgada, the portfolio of insolvency cases is small, and cases are currently adjudicated by the civil court.

10/10

Insolvency administrators' expertise in practice

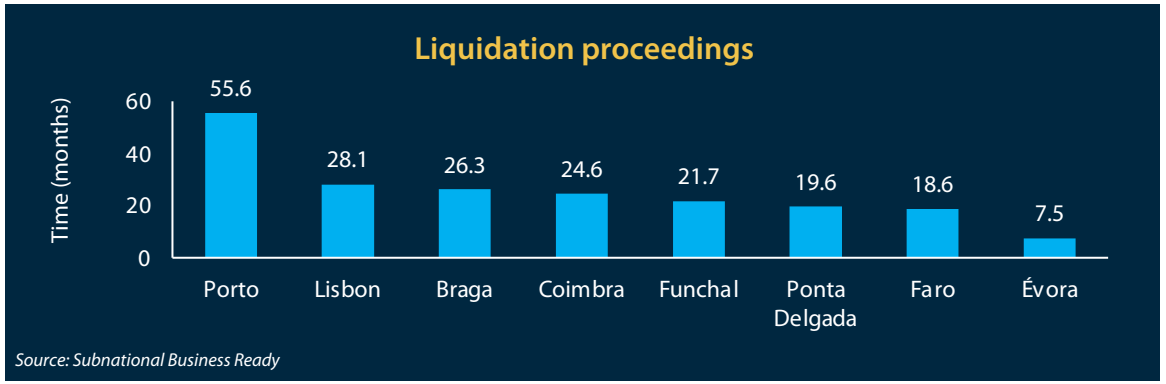
- The Statute of the Judicial Administrator (Law no. 22/2013, of February 26) outlines the profession's requirements, which include:
  - ✓ a degree and professional experience appropriate for the profession,
  - ✓ attendance at an internship,
  - ✓ passing an admission exam,
  - ✓ no incompatibility with the career, and
  - ✓ suitability for the profession.
- Insolvency administrators are eligible to work on cases throughout the country. Typically, judges assign them through an electronic lottery system in *Citius*, exposing them to insolvency cases elsewhere, regardless of their domicile.
- Overall, experts consulted for this study confirmed that the practical expertise of insolvency administrators is aligned with the requirements of the legal framework.

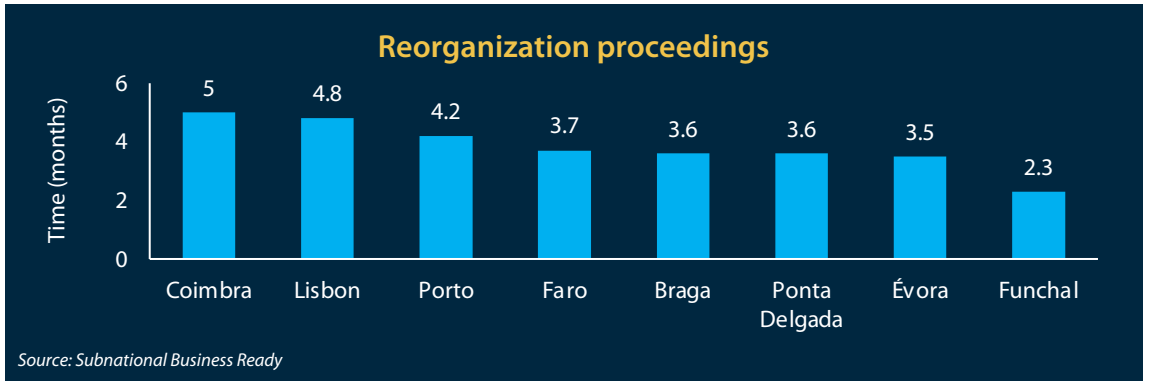
Business Insolvency in Portugal

Pillar III: **Operational Efficiency of Resolving Judicial Insolvency Proceedings (1/3)**

Portugal score: **73.8** Porto to **100** Évora out of 100 points

Time for liquidation and reorganization proceedings





- Évora has the shortest processing time at 7.5 months, Lisbon and Porto experience the longest delays. Terminating liquidation in Porto takes 55.6 months and in Lisbon, 28.1 months.
- Courts in major cities deal with higher backlogs and, consequently, proceedings are longer. This is mainly due to the number of insolvency cases that tends to be concentrated in the two major business cities. Porto experts also noted a lack of staff and infrastructural problems.
    - According to judicial statistics, Porto had the highest number of declarations of insolvency in 2023. In the fourth quarter of 2023, 71 companies in Porto were declared insolvent, compared to 53 in Lisbon. Official statistics also indicate a trend toward a reduction in pending cases in Lisbon.
- According to experts consulted for this study, delays in liquidation proceedings arise primarily due to challenges in seizing assets and to disputes over claim rankings.
- Insolvency administrators attributed delays to difficulties in obtaining information through the electronic platform *Citius*, the high volume of cases, as well as court delays in resolving claim ranking disputes and determining their fees, including the ones related to sold assets.

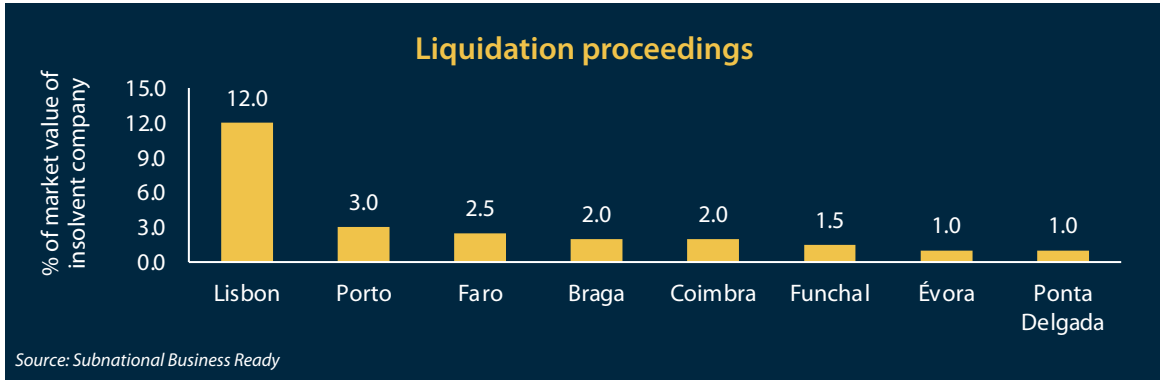
- Coimbra has the longest processing time for reorganization* cases at 5 months. However, it is consistent with the timeframe established by the relevant legislation (CIRE).
- There are fewer PER cases than liquidation cases due to the requirements that authorize a company to apply for PER.
    - These requirements act as a filter to prevent companies that are already insolvent from setting up a reorganization plan.
    - Overall, courts do not have a significant portfolio of PERs. Nationwide, in the fourth quarter of 2023 courts approved 42 PER plans, while concluding 94 PER proceedings, according to the Strategy and Studies Office (GEE).
- PER is a straightforward proceeding with provisions limiting the negotiation time between debtor and creditors.

*The Subnational B-Ready team focused on the PER proceeding, the instrument used by most practitioners at the local level, who reported that they have almost no experience with post-insolvency reorganization plans.

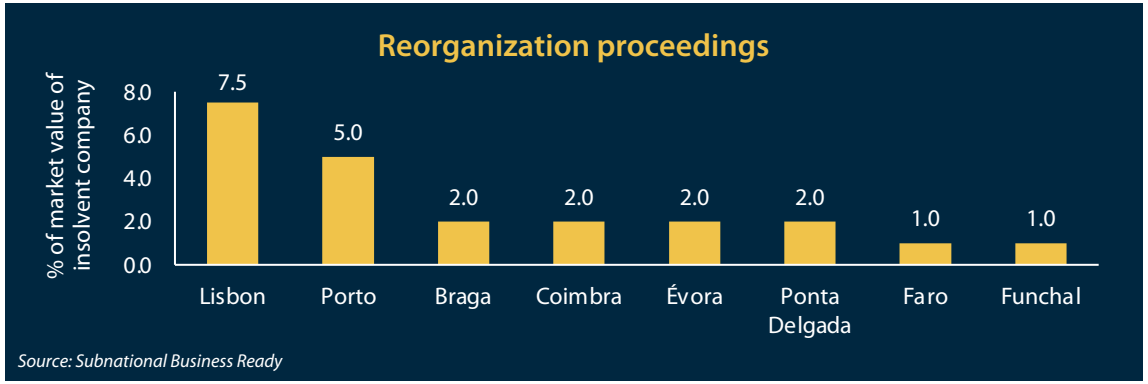
Business Insolvency in Portugal

Pillar III: **Operational Efficiency of Resolving Judicial Insolvency Proceedings (2/3)**

Cost of liquidation and reorganization proceedings



Source: Subnational Business Ready



Source: Subnational Business Ready

- Larger cities tend to host companies with more assets to liquidate and more favorable financial conditions for negotiating reorganization plans, influencing overall costs.
  - Lisbon recorded the highest costs for liquidation proceedings at 12% and for reorganization proceedings at 7.5% of the insolvent company's market value.
- In contrast, smaller cities often host companies with fewer, if any, assets, which tends to simplify the liquidation process. In these locations, companies tend to present less favorable financial conditions for negotiating reorganization plans.
  - Ponta Delgada and Évora, whose companies go insolvent with almost no assets to recover, and where lawyers reported difficulties in recovering fees from clients as their fees are not prioritized among debts to other creditors, had lower costs for liquidation proceedings at 1%.
- The insolvency administrator fees are typically the most substantial expense in both proceedings, encompassing reimbursement of expenses (EUR 204), as well as a fixed fee (EUR 2,000) and a variable fee (contingent on the result of each proceeding).
- The outcome of the reorganization plan or the liquidation ultimately influences the variable portion of the insolvency administrator fees. The availability of assets to be sold is a key driver in variation.
  - The reorganization of companies in Lisbon and Porto, whose quantity of available assets at the pre-insolvency and insolvency stages is generally higher, is more expensive—the higher likelihood of adequately remunerating insolvency administrators and lawyers anecdotally drives average fees up (as lawyers' fees are driven by market forces and insolvency fees depend on the success rate of assets' realization).
- Private sector experts reported a lack of clarity in the calculation of court and insolvency administrator's fees.

- The variable fee in reorganization proceedings tends to be lower than those in insolvency proceedings.
  - Insolvency administrators tend to waive the variable fee in reorganization proceedings because the company is on the verge of insolvency, and any additional costs could threaten the reorganization plan.

Court fees:

Insolvent companies or in the process of recovering are exempt from initial court fees. However, at closure, there is a national schedule of fees: (i) for claims up to EUR 275,000, there is a fixed court fee of EUR 1,632; (ii) if the amount exceeds EUR 275,000, an additional fee of EUR 306 is added for each fraction of EUR 25,000; and (iii) the judge has the discretion to reduce/waive the fee.

For liquidation, the variable fee is 5% of the liquidation proceedings, which is the amount determined for the insolvent estate, after deducting all debts with the exception of fixed remunerations and court fees, up to a maximum of EUR 100,000. A 5% increase is granted, depending on the level of satisfaction of the accepted credit claims.

For reorganization, the variable fee is 10% of the net position, calculated 30 days following approval of the plan, including the value of claims to be satisfied by creditors as provided by the plan. There is also a potential increase of 5%, depending on the level of satisfaction of the accepted credit claims.

Business Insolvency in Portugal

Pillar III: **Operational Efficiency of Resolving Judicial Insolvency Proceedings (3/3)**

Good practices—A focus on the modernization of the Portuguese judicial system

Since 2009, the country has made significant improvements in digitalization and the adoption of digital technologies. These initiatives have led to faster judicial proceedings, improved accessibility to court services, and greater transparency of information within the justice sector. Consequently, users now have access to a modern and efficient system that expedites insolvency cases, highlighted by three key digital solutions.

First, the implementation of the *Citius* web portal in 2009 for electronic management of judicial cases. *Citius* enables attorneys to file and review cases electronically and allows citizens to obtain registry certificates and access relevant information, such as insolvency declarations, hearing schedules, sale of pledged assets, ongoing PERs, and a list of existing debt collection lawsuits.

Second, the emergence of electronic auction platforms following the Civil Procedure Code in 2013, which prioritized electronic auctions for the sale of movable and immovable assets. Insolvency administrators can use the official platform, *e-leilões*, which provides a user-friendly interface, as well as detailed and updated information about assets. However, *e-leilões* does not allow insolvency administrators to control the timing of auctions and does not offer services such as requests for authorization for site inspections, which remain under the responsibility of the administrators. This can be challenging, especially for assets in remote locations. Additionally, the insolvent estate must cover the costs of advertising and issuing property titles. Despite these challenges, insolvency administrators retain the option to choose an alternative auction platform if they provide justification for their decision. They often opt for alternative platforms offering services that alleviate the insolvency administrators' responsibilities and transfer certain costs to the winning bidder.

Lastly, the adoption of the *Magistratus* software in 2021 to aid judges by addressing *Citrus*'s limitations, such as the ability to search content within documents and annotate case files. Judges are currently undergoing training to use this software.

Business Insolvency in Portugal

Areas of improvement for Business Insolvency proceedings

Revise the number of insolvency administrators per region

Insolvency administrators are authorized to operate anywhere in the country and are appointed through an electronic lottery system, regardless of their location. Ponta Delgada and Funchal, have few, if any, insolvency administrators. Private experts in these areas have expressed the need for more insolvency administrators, especially in cases that require close management of the insolvent company.

Paths to increase the number of professionals available to provide this service might be explored, including the removal of potential barriers that currently limit access to the profession (for example, holding more frequent qualification exams). Currently, the official list includes 296 professionals with active status to serve the entire country.

Relevant stakeholders: Ministry of Justice; Commission for Legal Assistants (CAAJ)

Enhance transparency and accountability

Both judges and private sector experts have expressed dissatisfaction with the overall performance of insolvency administrators, attributing procedural delays to their actions. Criticisms include difficulties in communication, limited expertise in business and economics issues that might be helpful in management decisions, a lack of transparency in asset management, insufficient accountability regarding reimbursement expenses, and default or delayed payments to creditors.

Further regulations should be implemented to address the compliance and transparency of insolvency administrators, and to reinforce the capacity of CAAJ to oversee and hold insolvency administrators accountable. Moreover, experts are scarcely aware of the availability of an online public list of insolvency administrators. A better communication effort may enhance the visibility of this list.

Relevant stakeholders: Ministry of Justice; Commission for Legal Assistants (CAAJ)

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