

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



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# At a Glance

## Context

Part of a series of *Subnational Business Ready* reports in the European Union

- Requested and funded by the European Commission's Directorate-General for Regional and Urban Policy
- Undertaken under the auspices of the General Directorate of Local Authorities
- The study contains data as of December 2023

## 5 Business Ready Topics

Topics measure the quality of the regulatory framework, the provision of public services and how efficiently they are combined in practice

1. Business Entry
2. Business Location
  - Building Permitting
  - Environmental Permitting
  - Property Transfer
3. Utility Services
  - Electricity
  - Water
  - Internet
4. Dispute Resolution
5. Business Insolvency

## 8 cities benchmarked



Source: *Subnational Business Ready*



# Methodology



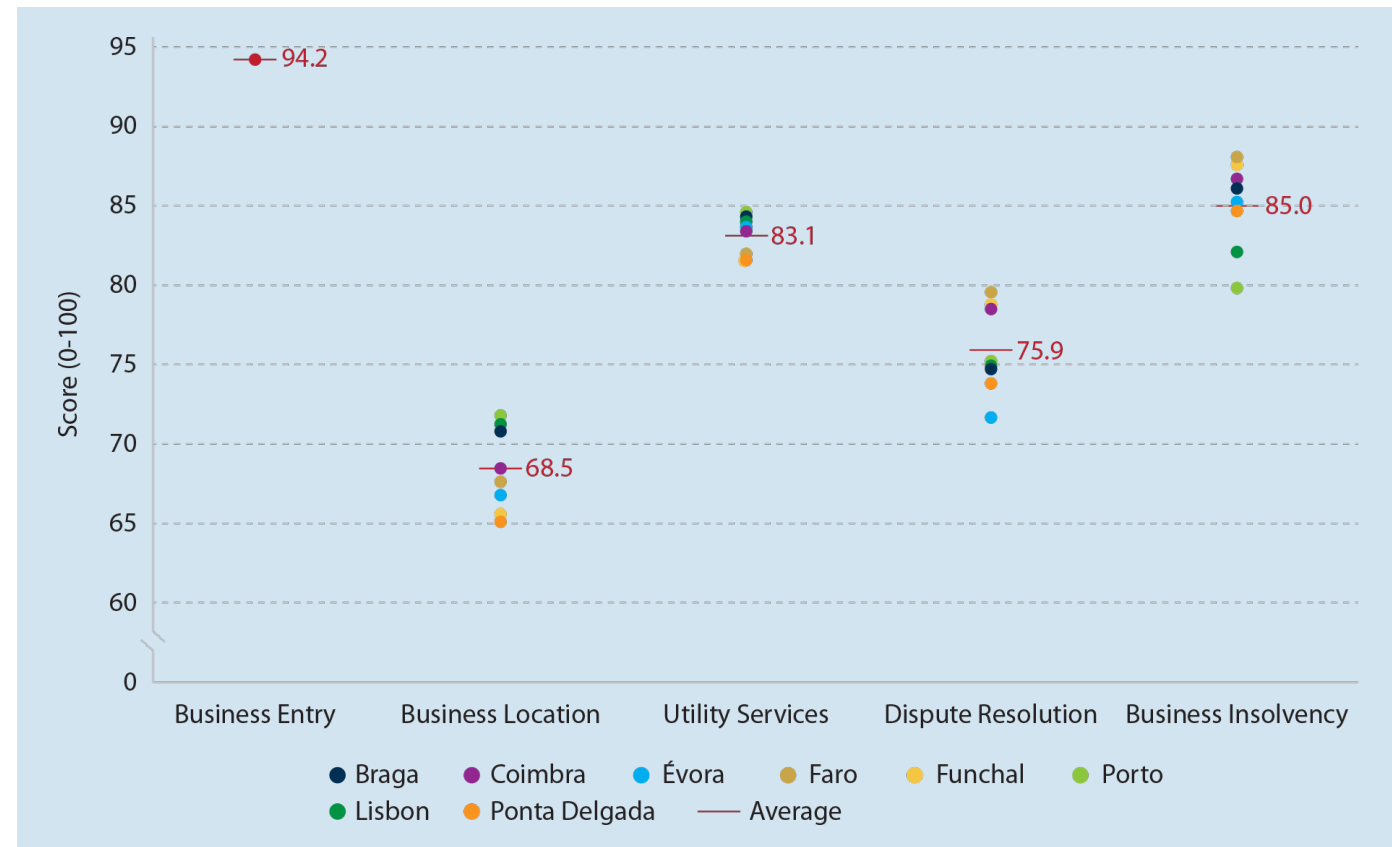
The **World Bank's Business Ready (B-READY)** is a series of annual reports benchmarking the business environment around the world. B-READY assesses three aspects of the business environment: the regulatory framework, the provision of related public services and the efficiency of compliance in practice. It focuses on 10 topics organized following the life-cycle of the firm while opening, operating and closing a business. More information at: <https://www.worldbank.org/en/businessready>.

- This *Subnational Business Ready* study adapts the B-READY methodology to the country context to provide a quantitative assessment of the business environment and the efficacy of bureaucracy at the local administrative level.
- It covers 5 out of the 10 areas included in the global B-READY report: Business Entry, Business Location, Utility Services, Dispute Resolution, and Business Insolvency. Assessments include crosscutting areas of digital adoption, environmental sustainability, and gender.
- The strength of the business environment in each area is scored, showing a jurisdiction's absolute position relative to the well-founded good practices and standards applicable at a global level. The score is indicated on a scale from 0 to 100, where 0 represents the lowest performance and 100 the highest performance.
- It relies on four main sources of information: the relevant laws and regulations, expert respondents, the governments of the countries and cities benchmarked, and firm surveys.
- This study highlights regulatory differences and gaps in the implementation of national law and generates knowledge on good regulatory practices. The aim is to guide local policy reforms to address inequalities in the business environment, hence promoting balanced and inclusive economic growth on a regional level.
- This study builds on the experience conducting subnational business environment assessments in the European Union (EU) over the past seven years. As such, it also aims to provide a measure of the progress achieved in improving the local business environment since the previous benchmarking. Reports and data published for 16 EU Member States between 2017 and 2022 can be found at: <https://www.worldbank.org/en/businessready/subnational>.



# Key Results (1/3)

Across the five areas measured, Business Entry is the best performing topic while the largest performance gap among the cities is recorded on Business Insolvency and Dispute Resolution.



Source: Subnational Business Ready

# Key Results (2/3)

All cities have something to share with and learn from each other

While many of the aspects analyzed in this report are nationally legislated, how a regulation is implemented, and the efficiency of public agencies vary substantially within the country.

- 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.
- 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.
- There are no clearly defined top performing cities across all topics. Faro is the best performing city in Dispute Resolution and Business Insolvency but has a weaker score than the average of the eight cities in Utility Services and Business Location. Porto obtains the highest score in Utility Services and Business Location but the lowest in Business Insolvency. This diversity in performance across topics points to opportunities for improvement in all cities, including sharing good practices among peers.

	Business Entry	Business Location	Utility Services	Dispute Resolution	Business Insolvency
City	Score (0-100)	Score (0-100)	Score (0-100)	Score (0-100)	Score (0-100)
Braga	94.2	70.9	84.3	74.7	86.1
Coimbra	94.2	68.5	83.4	78.5	86.7
Évora	94.2	66.8	83.7	71.7	85.2
Faro	94.2	67.7	82.0	79.5	88.1
Funchal	94.2	65.6	81.5	78.8	87.6
Lisbon	94.2	71.3	84.0	74.9	82.1
Ponta Delgada	94.2	65.2	81.6	73.8	84.7
Porto	94.2	71.9	84.6	75.2	79.8

Source: Subnational Business Ready



# Key Results (3/3)

## Potential opportunities for regulatory improvement\*



### Business Entry

- ✓ Ongoing improvements: *Empresa Online 2.0*



### Business Location

#### Building Permitting

- ✓ Harmonize requirements and simplify construction permitting legislation
- ✓ Review and simplify the cost structure for building permits
- ✓ Introduce and improve electronic platforms for the building permitting process

#### Environmental Permitting

- ✓ Standardize and formalize the qualifications for EIA professionals
- ✓ Improve coordination and consistency in environmental permitting and building permit integration

#### Property Transfer

- ✓ Promote the uptake of digitally submitted registration requests throughout the country
- ✓ Assess the reasons for *Casa Pronta's* usage decline and take measures to address the identified issues
- ✓ Make Land Registry's and the Cadaster's databases interoperable with each other and with those of other key agencies
- ✓ Ensure that all private properties are registered and mapped
- ✓ Set-up an out-of-court mechanism at the Land Registry to compensate for losses incurred by private parties due to Land Registry errors
- ✓ Increase transparency by publishing and committing to service standards, and publish annual statistics on land disputes and sex-disaggregated data on ownership



### Utility Services

#### Electricity

- ✓ Replace the internal installation certificate with self-certification of compliance
- ✓ Streamline the process for getting an excavation permit
- ✓ Introduce and strengthen the online application platforms
- ✓ Increase transparency and accountability by collecting and publishing statistics
- ✓ Improve the reliability of the electricity supply

#### Water

- ✓ Streamline the process of obtaining an excavation permit
- ✓ Enhance the use of GIS-based databases
- ✓ Allow customers to submit an internal certificate of conformity
- ✓ Enhance the qualification requirements for professionals operating in the water sector
- ✓ Publish stipulated standards for water connection times online



### Dispute Resolution

- ✓ Establish specialized commercial courts or commercial divisions
- ✓ Publish all judgments at the first instance level



### Business Insolvency

- ✓ Revise the number of insolvency administrators per region
- ✓ Enhance transparency and accountability

\*All recommendations (and a list of the main agencies relevant to each regulatory area) are detailed at the end of the respective topic section.



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**PORTUGAL**



# Business Entry







# 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.<sup>1</sup> 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.<sup>2</sup>
- Simple registration processes, together with the use of online tools and low incorporation costs, encourage entrepreneurs to enter the economy.<sup>3</sup>

<sup>1</sup> Rand and Torm, 2012; Medvedev and Oviedo Silva, 2015; La Porta and Shleifer, 2014.

<sup>2</sup> UNCITRAL, 2019; OECD and IDB, 2021; World Bank, 2020.

<sup>3</sup> 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

15/15

#### Company information filing requirements

##### 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

15/15

#### Beneficial ownership filing requirements

##### 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

10/10

#### Availability of simplified registration

- ✓ 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

10/10

#### Risk-based assessment for operating business and environmental licenses

- ✓ 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

20/20

#### Business start-up process

##### 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

10/10

#### Storage of company and beneficial ownership information

- ✓ 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

10/10

#### Identity verification

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

### Interoperability of services

10/10

#### Exchange of company information

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

10/10

#### Unique business identification

- ✓ 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

14/20

#### Business start-up (includes gender and environment)

##### 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

9/10

#### Availability of general company information

- ✓ 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

5/10

#### General and sex-disaggregated statistics on newly created firms

- ✓ 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*.<sup>\*</sup> 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 <i>Empresa na hora</i> counters throughout the country, at the Business Spots ( <i>Espaços Empresa</i> ), or at the local Commercial Registry Offices.	Online: <a href="https://eportugal.gov.pt/inicio/espaco-empresa">https://eportugal.gov.pt/inicio/espaco-empresa</a>
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). <sup>**</sup> 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: <ul style="list-style-type: none"> <li>Choose a company name from the pre-approved list</li> <li>Use the certificate of admissibility of a previously approved name<sup>***</sup></li> <li>If the company is set up at the counter of the Commercial Registry (RNPC), the name is approved at the time of incorporation</li> </ul>	Applicants have the following options: <ul style="list-style-type: none"> <li>Enter the desired name (up to nine options)</li> <li>Choose a company name from the pre-approved list</li> <li>Use the certificate of admissibility of a previously approved name<sup>***</sup></li> </ul>
Articles of association	Standard. Applicants should choose one of the pre-approved models of articles of association. <a href="https://justica.gov.pt/Servicos/Empresa-na-Hora/Pactos">https://justica.gov.pt/Servicos/Empresa-na-Hora/Pactos</a>	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, <i>Empresa Online 2.0</i> , 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

<sup>\*</sup> 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.

<sup>\*\*</sup> Foreign entrepreneurs can use the service if they have a Digital Mobile Key associated with their passport or European authentication.

<sup>\*\*\*</sup> 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

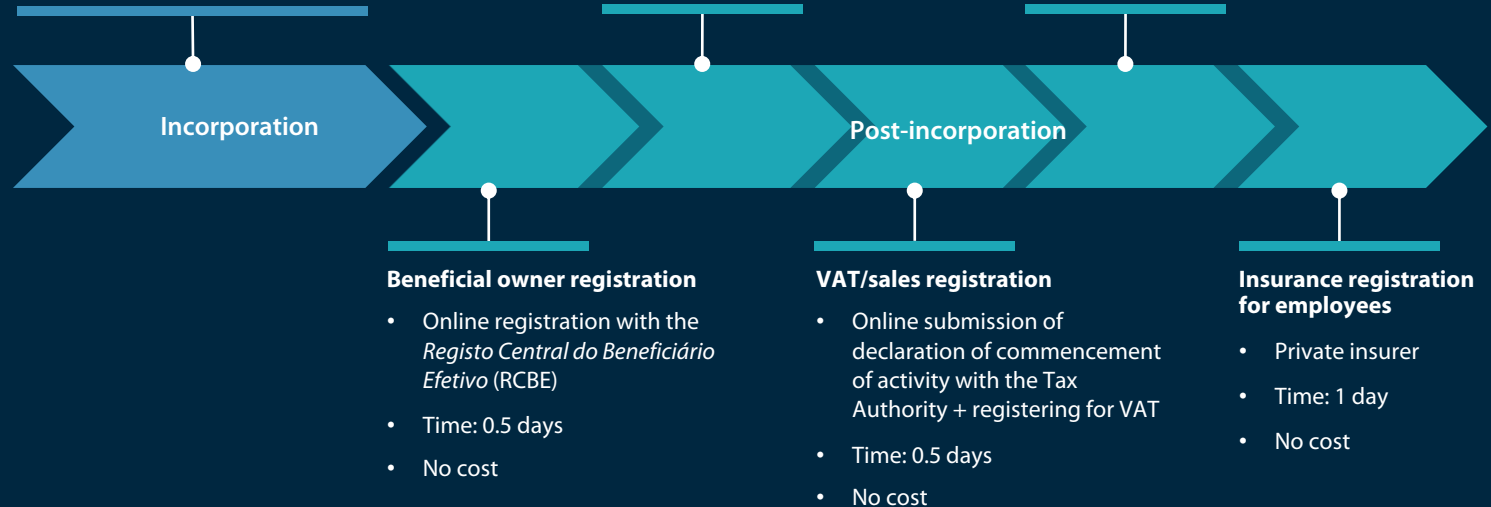
- At the Commercial Registry Offices (*Conservatórias*), *Empresa na hora* counters or Business Spots (*Espaços Empresa*)
- Process includes tax registration and social security registration
- Time: on the spot (1 day), choosing from a pre-approved list of company names
- Cost: EUR 360

#### 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



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)**

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# Business Location

- Building Permitting
- Environmental Permitting
- Property Transfer







# Building Permitting in Portugal



## Pillar I: Regulatory Framework

Score (all cities):

**98.9/100**



## Pillar II: Public Services

Score:

**33.3** to **83.3/100**  
3 cities      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 as 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.<sup>4</sup>
- 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.

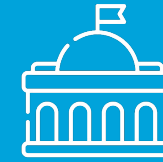
## What does the Building Permitting topic measure?



### 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>

<sup>4</sup> World Bank, 2024.





# 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** to **83.3** out of 100 points  
3 cities Lisbon, Porto

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

Lisbon,  
Porto:

**25/40**

6 cities:

**0/40**

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** to **83.3** out of 100 points  
3 cities Lisbon, Porto

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, Ponta 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** to **83.3** out of 100 points  
3 cities Lisbon, Porto

The interoperability of services varies across the benchmarked cities.



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

#### BEFORE CONSTRUCTION – Obtaining a building permit

- Obtain property certificate from the property registry
- Obtain topographic survey/geotechnical investigation
- Conduct preliminary assessment with municipality
- Obtain approval of the architectural project from municipality
- Obtain reviews of the engineering projects from municipality
- Obtain fire protection approval from fire agency\*
- Obtain building permit from municipality

#### AFTER CONSTRUCTION – Obtaining an occupancy permit

- Obtain building energy certificate
- Obtain consent from utility providers
- Receive fire protection inspection
- Submit application to permitting authorities and obtain occupancy permit

● National government ● Local government ● Licensed company/expert/utility

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.

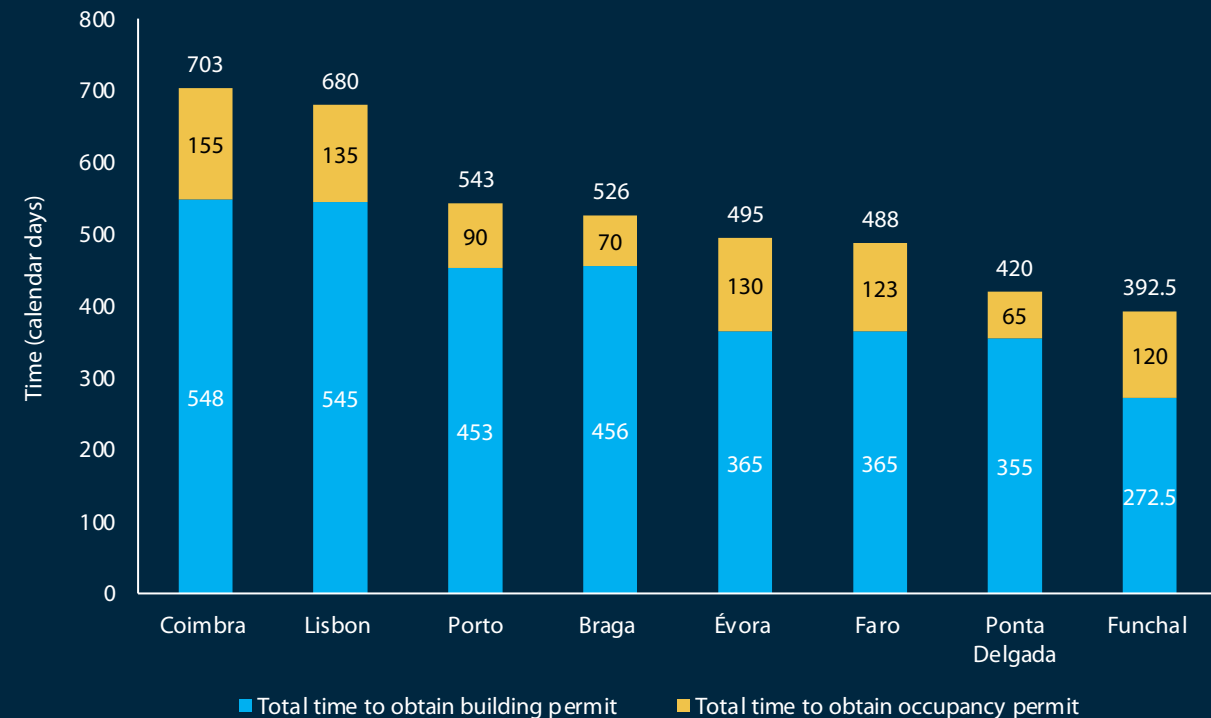


# Building Permitting in Portugal

## 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<sup>2</sup>, 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.

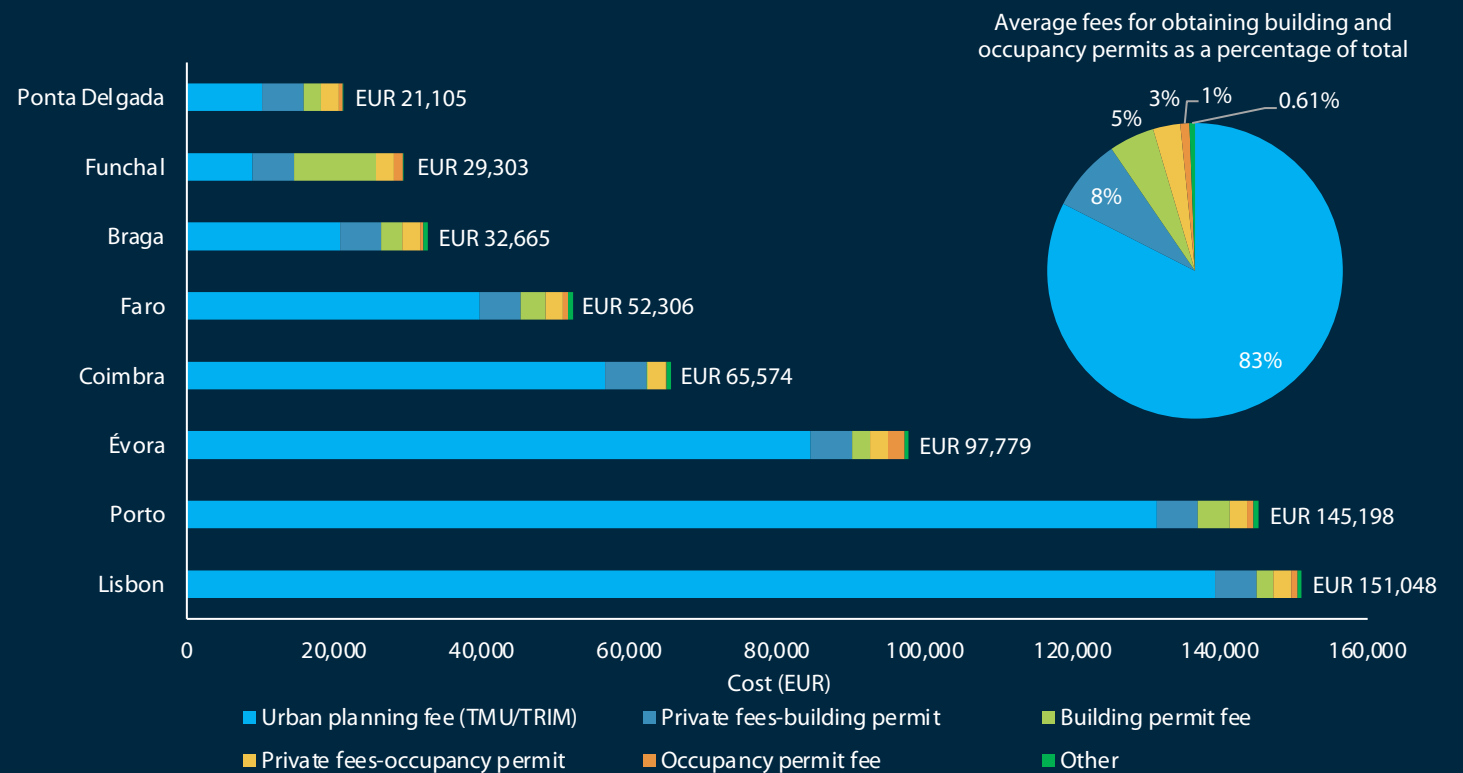


# Building Permitting in Portugal

## 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.<sup>5</sup> 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

<sup>5</sup> 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.<sup>6</sup> 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**

<sup>6</sup> 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**

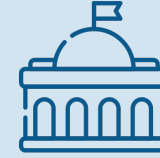


# Environmental Permitting in Portugal



## Pillar I: Regulatory Framework

Score (all cities):  
**90/100**



## Pillar II: Public Services

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



## Pillar III: Operational Efficiency

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

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

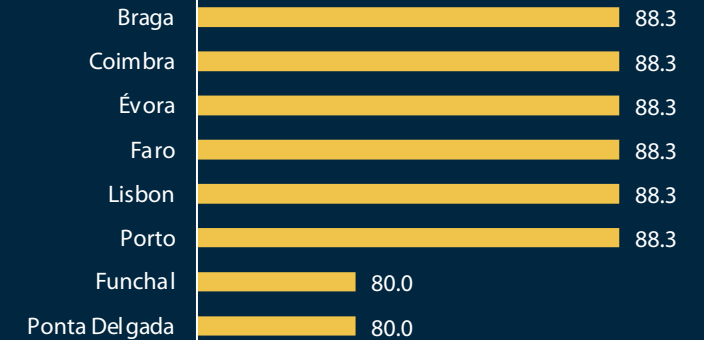
Score (all cities):  
**100/100**

\*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.<sup>7</sup>
- 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.

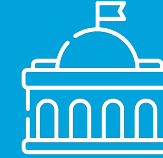
## What does the Environmental Permitting topic measure?



### 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>

<sup>7</sup> Carlson, 2000.



# 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** to **75** out of 100 points  
Funchal, Ponta Delgada 6 cities



### 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** to **75** out of 100 points  
Funchal, Ponta Delgada 6 cities

### 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



# Property Transfer in Portugal



## Pillar I: Regulatory Framework

Score (all cities):

**92.5/100**



## Pillar II: Public Services

Score:

**40.7** to **45.7/100**  
Évora 7 cities



## 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:

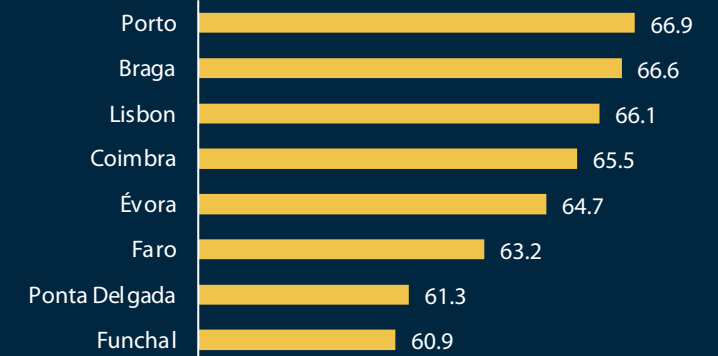
**44.7** to **62.7 /100**  
Funchal Porto

\*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.

## Overall Property Transfer score per city\*



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.<sup>8</sup>
- Looking at how well property rights are managed provides a good indication of how the economy is likely to grow.<sup>9</sup>
- 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.

<sup>8</sup> De Soto, 2000; Johnson, McMillan, and Woodruff, 2002.

<sup>9</sup> Field, 2007; Green and Moser, 2013.

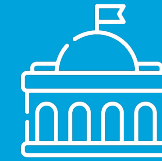
## What does the Property Transfer topic measure?



### 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

30/30

### Property transfer standards

#### 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

22.5/30

### Land dispute mechanisms

#### 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

20/20

### Land administration system

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

20/20

### Restrictions on owning and leasing property

- ✓ 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** to **45.7** out of 100 points  
Évora 7 cities

### 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.

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.

#### 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.



# Property Transfer in Portugal

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

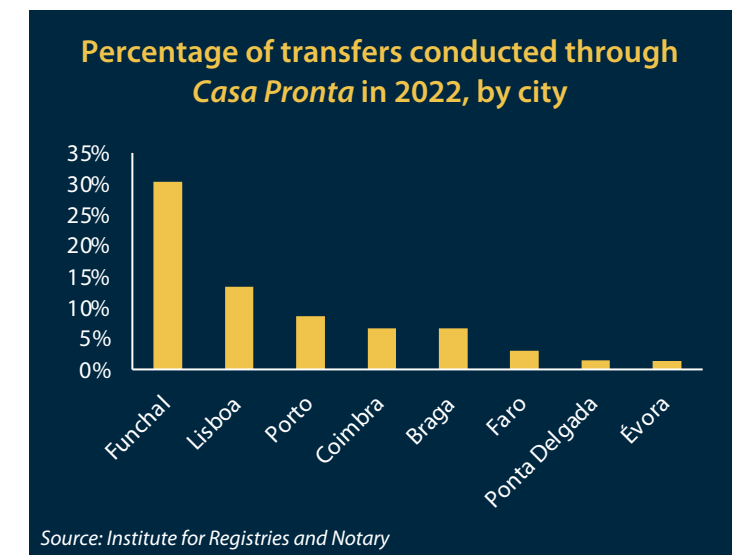
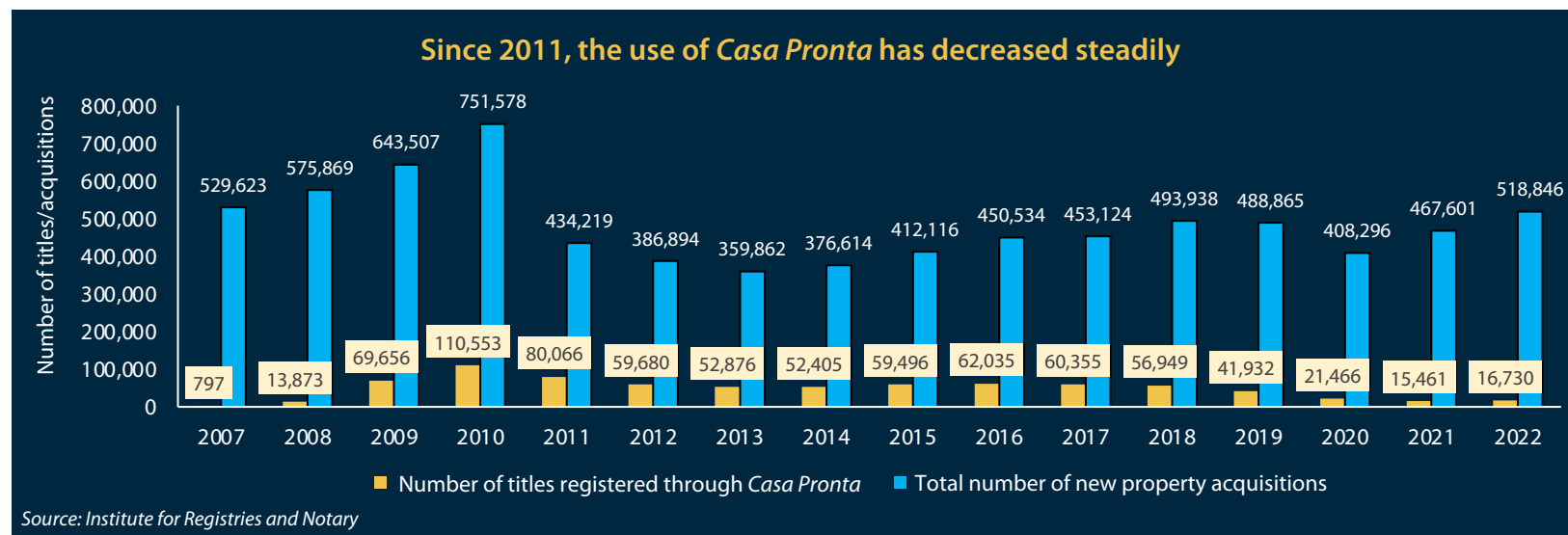
### The use of *Casa Pronta* has sharply declined over recent years

*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 has 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 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](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

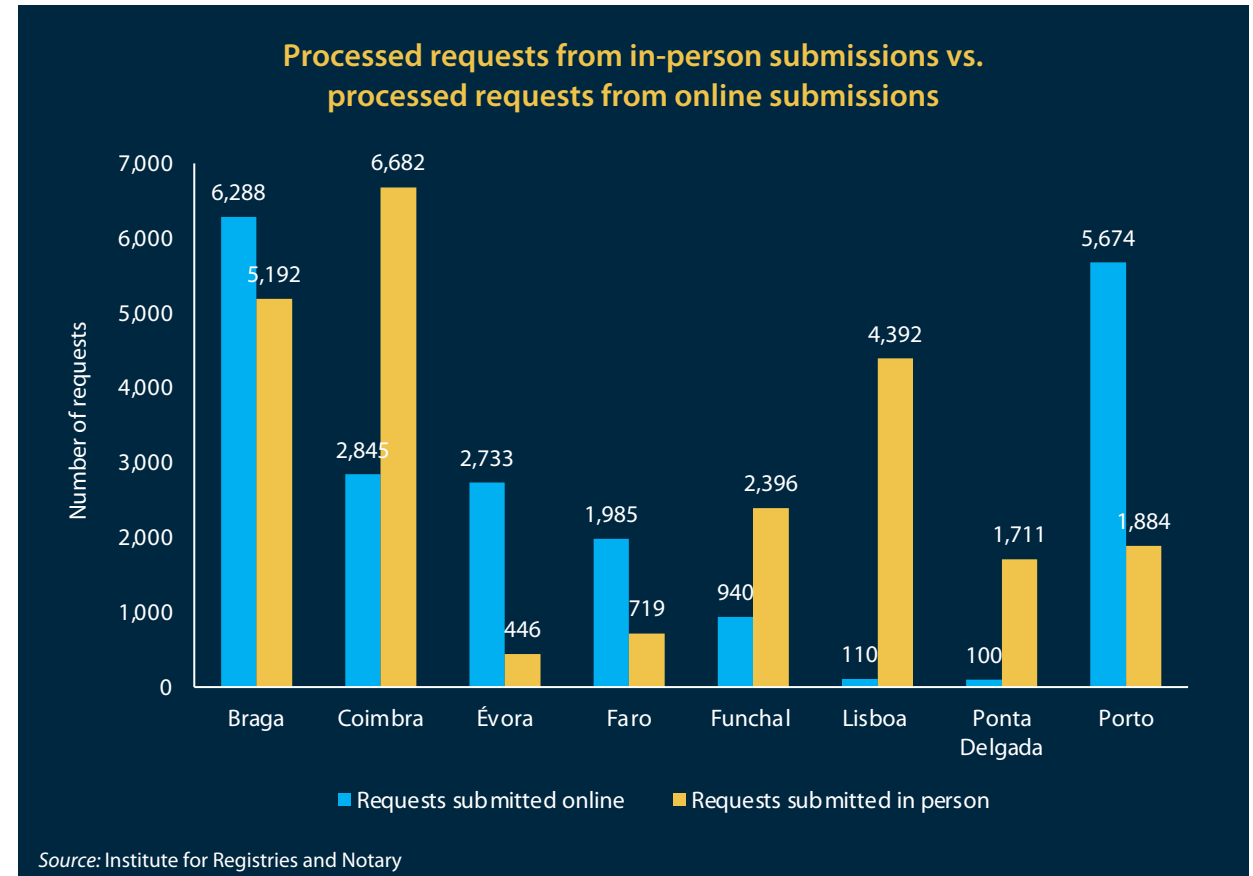
Requests for registration can be submitted online or in person. To stimulate uptake, electronic submissions are slightly cheaper, costing EUR 225, compared to EUR 250 for in-person filings.

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.







# Property Transfer in Portugal

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

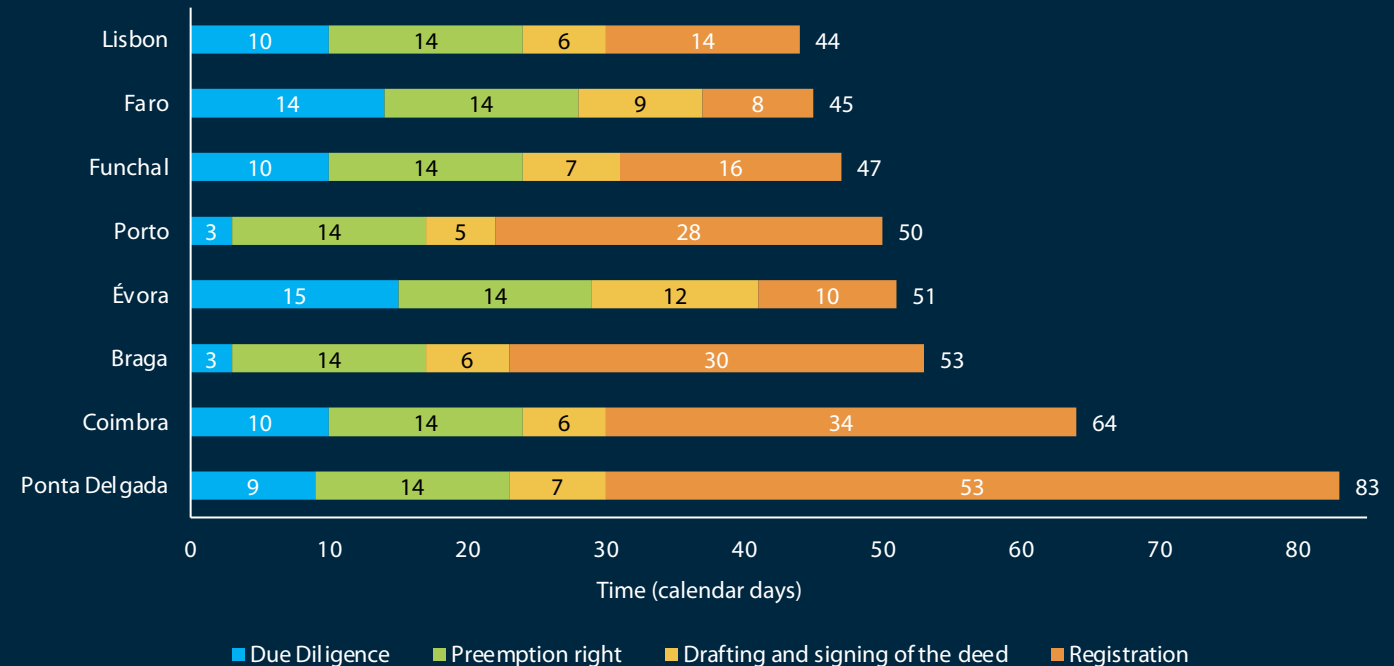


### Pillar III: Operational Efficiency

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.

Breakdown of property registration time in the eight cities



Source: Subnational Business Ready



# Property Transfer in Portugal

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

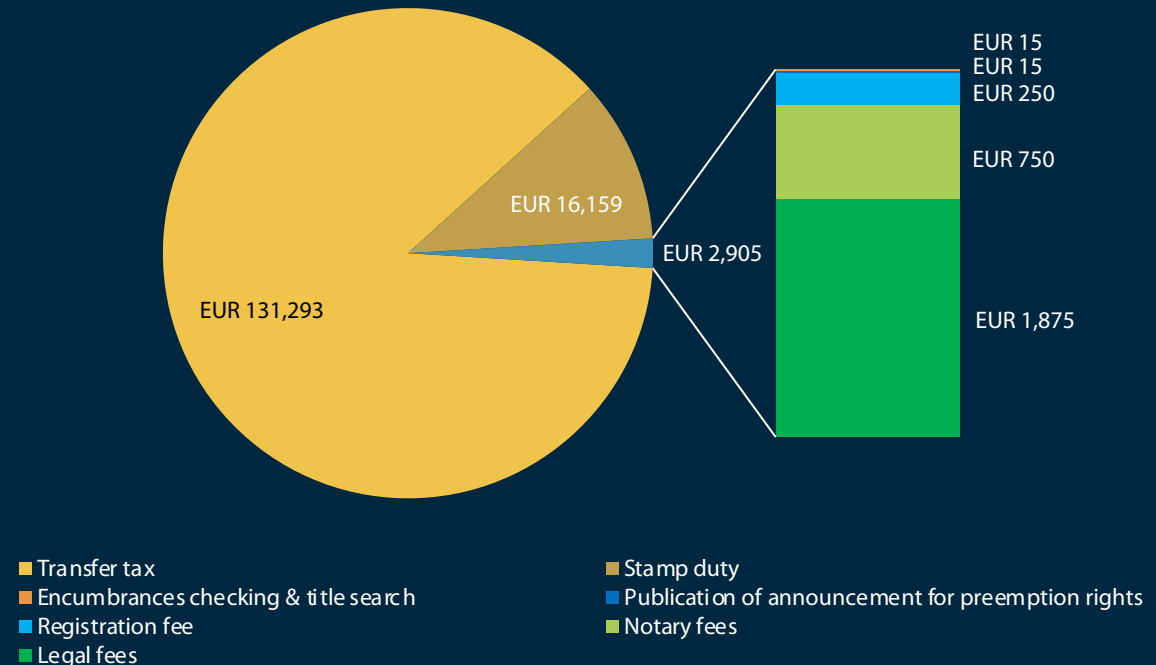


### Pillar III: Operational Efficiency

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.

Cost of transferring property in seven cities\*



\* Except for Ponta Delgada, where an additional fee of EUR 115 for obtaining a non-infestation certificate is paid

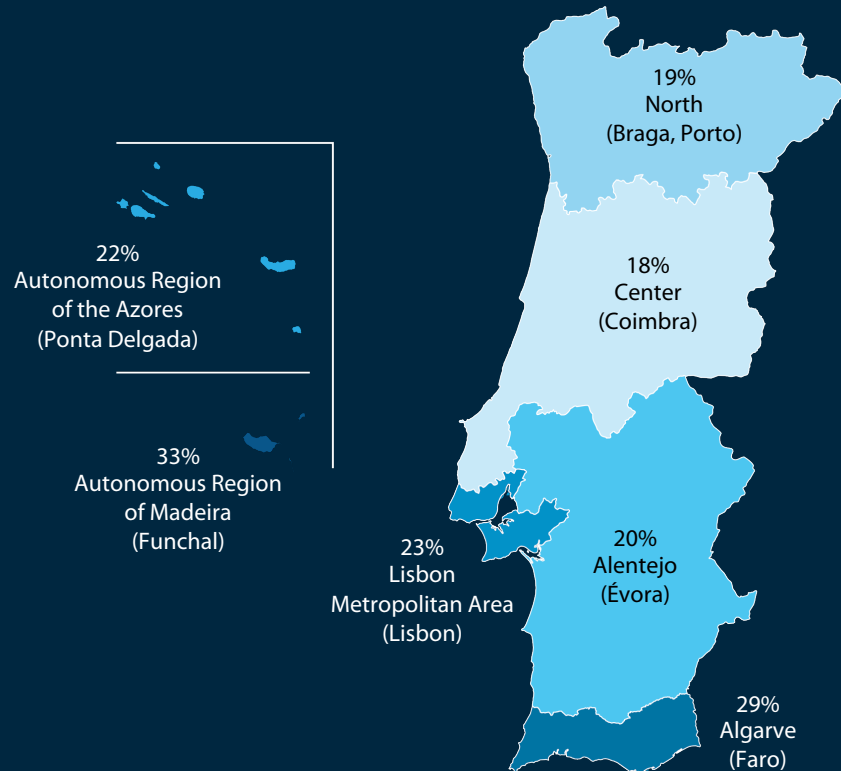
Source: Subnational Business Ready



# 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



Subnational Business Ready  
in the European Union 2024:

**PORTUGAL**



# Utility Services

- Electricity
- Water
- Internet







# Electricity Utility Service in Portugal



## Pillar I: Regulatory Framework

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



## Pillar II: Public Services

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



## Pillar III: Operational Efficiency

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

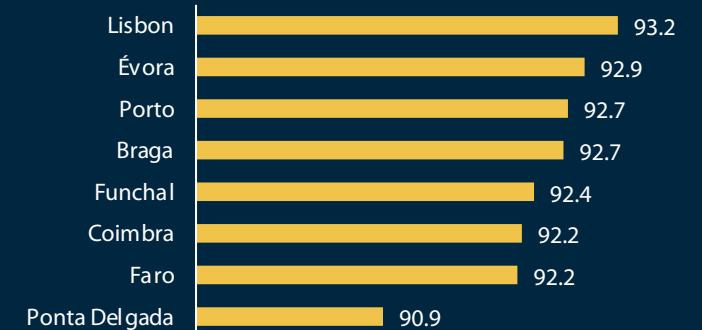
Time (days):	100 (Lisbon) to 133 (Ponta Delgada)
Cost (% of income per capita*):	23.8% (6 cities) to 232.5% (Ponta Delgada)
SAIFI Index:	0.32 (Funchal) to 2.78 (Ponta Delgada)
SAIDI Index:	0.52 hrs (Funchal) to 1.99 hrs (Braga)
% of annual sales losses due to electrical outages:	None
% of firms owning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

## Overall Electricity Utility Service score per city\*



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



# 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.<sup>10</sup>
- 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.<sup>11</sup>
- Performance standards, accountability mechanisms, and inspections and professional standards can ensure that utility companies provide sufficient and stable electricity.

<sup>10</sup> World Bank, 2016.

<sup>11</sup> OECD, 2015.

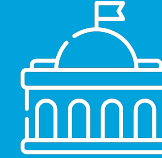
## What does the Electricity Utility Service topic measure?



### 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

25/25

### Regulatory monitoring of tariffs and service quality

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

25/25

### Utility infrastructure sharing and quality assurance mechanisms

- ✓ 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

25/25

### Safety of utility connections

#### 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

18.8/25

### Environmental sustainability

- ✓ 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** to **87.7** out of 100 points  
Ponta Delgada 6 cities

15/25

### Monitoring of services supply (includes gender and environment)

#### 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

25/25

### Enforcement of safety regulations and consumer protection mechanisms

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

6 cities:

22.7/25

### Availability of information and transparency

#### 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:

21.6/25

#### Funchal, Ponta Delgada:

- ✗ No stipulated time limits for connection

7 cities:

25/25

### Digital services and interoperability

#### 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** to **98.1** out of 100 points  
Faro Lisbon

### 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



Source: Subnational Business Ready

\*Simultaneous with previous step

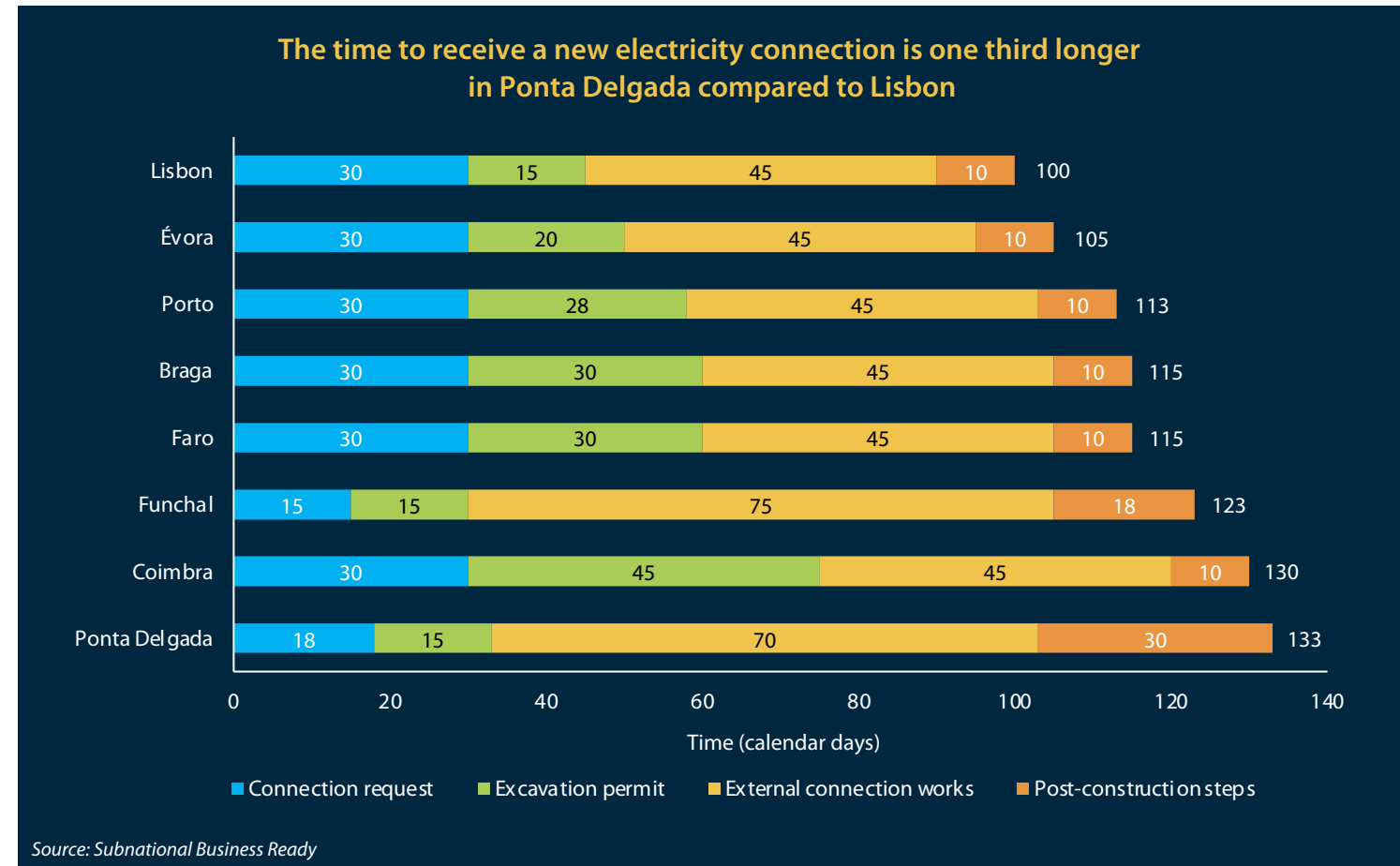
\*\*In Portugal, when the utility is in charge of external installation works, it is also responsible for obtaining the excavation permit from the local municipality.



# 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.

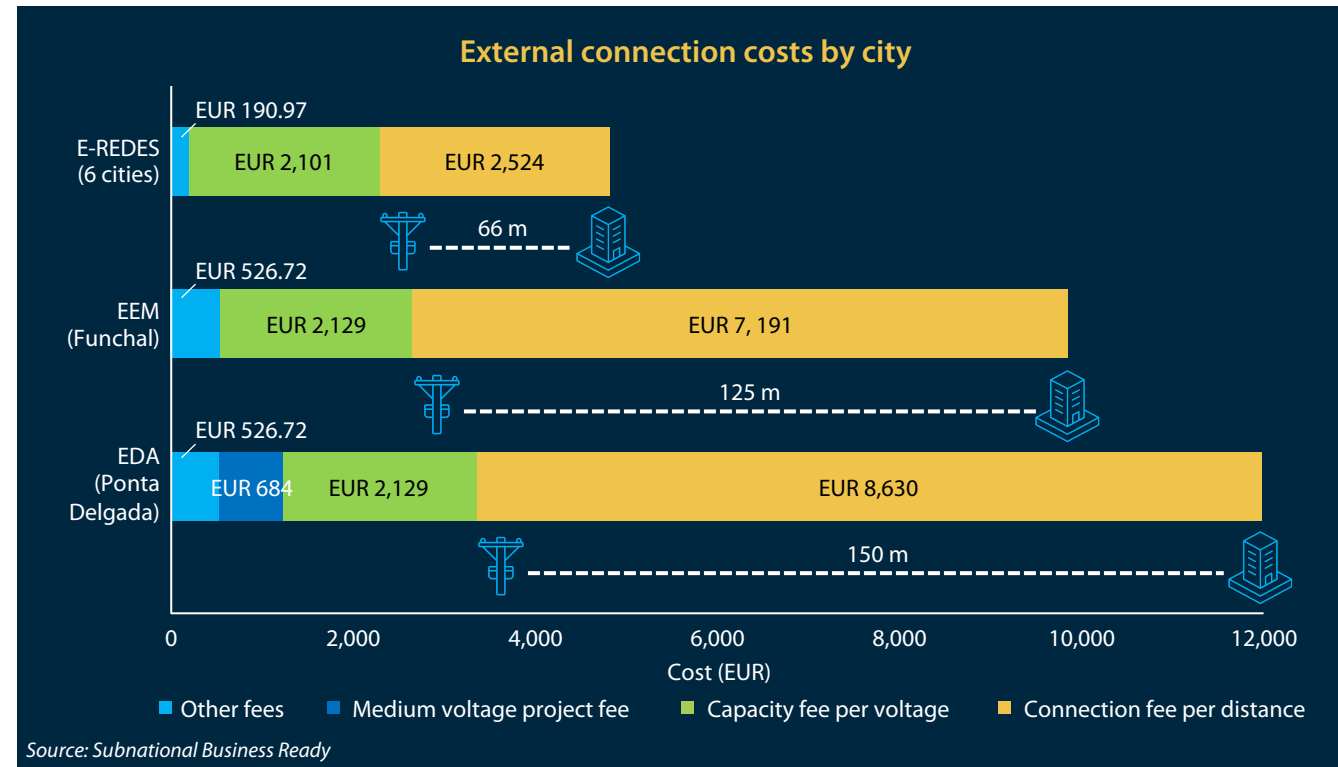


# Electricity Utility Service in Portugal

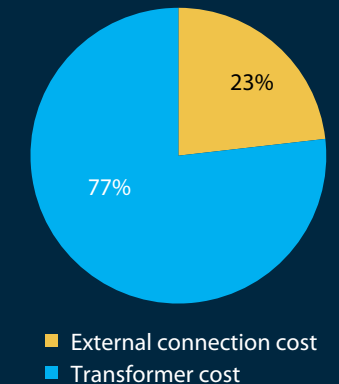
## Pillar III: Operational Efficiency of Electricity Service Provision (3/5)

### 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 from 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.



**Transformer-related costs make up more than two-thirds of the total cost in Ponta Delgada and Funchal**



\*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.

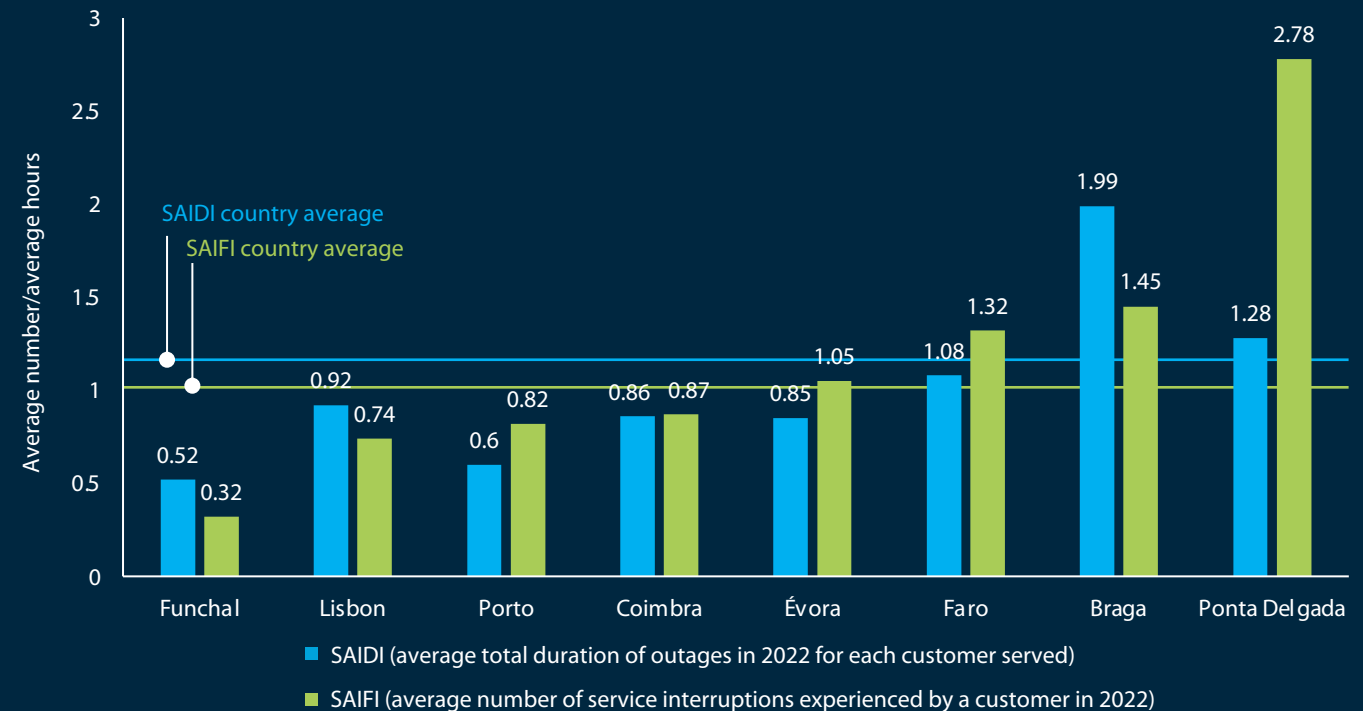


### Good practices in electricity provisioning in Portugal:

- 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.

### Reliability of electricity supply (SAIDI and SAIFI) in 2022

Electricity interruptions are more frequent in Braga and Ponta Delgada



Source: Subnational Business Ready

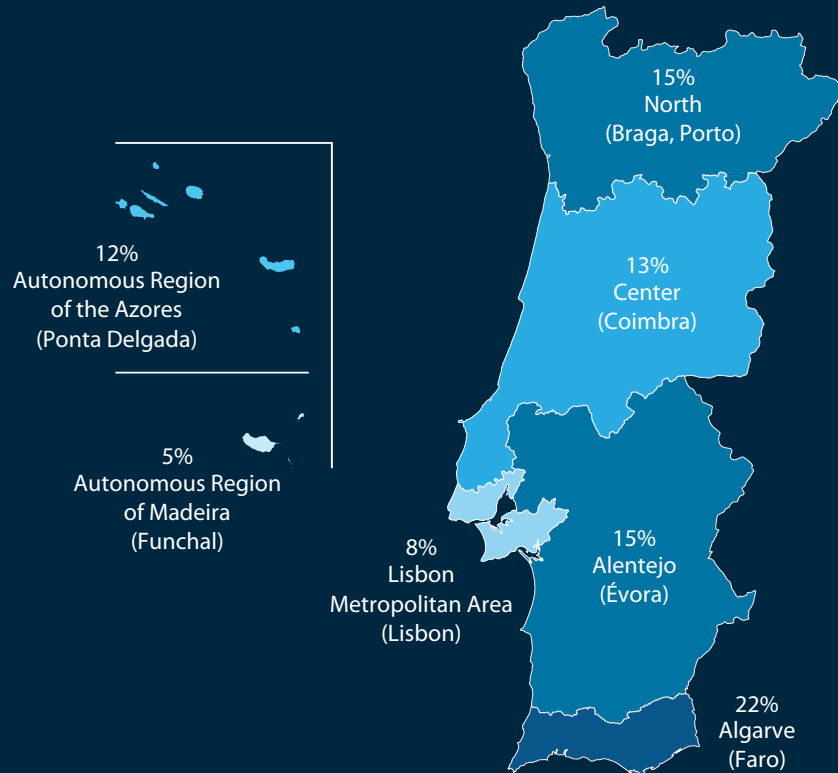




# Electricity Utility Service in Portugal

## 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 Strom*,\* 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>.



# Water Utility Service in Portugal



## Pillar I: Regulatory Framework

Score (all cities):  
**65.6/100**



## Pillar II: Public Services

Score:  
**72.1 to 84.6/100**  
Ponta Delgada Faro



## Pillar III: Operational Efficiency

Score:  
**79.5 to 97/100**  
Funchal Braga

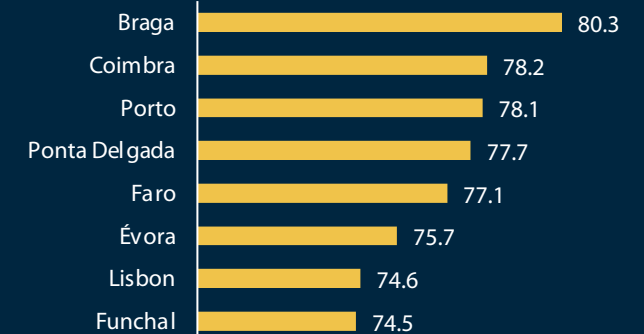
Time (days):	31 (Braga) to 65 (Évora, Lisbon)
Cost (% of income per capita*):	0% (Coimbra) to 7.4% (Évora)
% of firms experiencing water insufficiencies:	1% (Ponta Delgada) to 14% (Faro, Funchal)

\*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 I).
- 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.

## Overall Water Utility Service score per city\*



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.<sup>12</sup>
- Good regulatory frameworks are key for the provision of an affordable and high-quality water supply.<sup>13</sup>
- Performance standards coupled with a system of incentives ensure efficient deployment of utility connections and an adequate water supply.<sup>14</sup>

<sup>12</sup> World Bank, 2017.

<sup>13</sup> OECD, 2021.

<sup>14</sup> Foster and Rana, 2020.

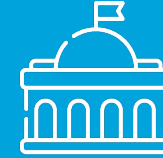
## What does the Water Utility Service topic measure?



### 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

12.5/25

### Regulatory monitoring of tariffs and service quality

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

25/25

### Utility infrastructure sharing and quality assurance mechanisms

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

16.7/25

### Safety of utility connections

- ✓ 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

11.5/25

### Environmental sustainability

- ✓ 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** to **84.6** out of 100 points  
Ponta Delgada Faro

15/25

### Monitoring of service supply (includes gender and environment)

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

Porto:

23.9/25

7 cities:

22.7/25

### Availability of information and transparency

#### 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

Faro:

25/25

6 cities:

18.8/25

Ponta Delgada:

12.5/25

### Enforcement of safety regulations and consumer protection mechanisms

- ✓ 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)

Coimbra, Porto:

25/25

5 cities:

21.9/25

Lisbon:

18.8/25

### Digital services and interoperability

- ✓ 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)

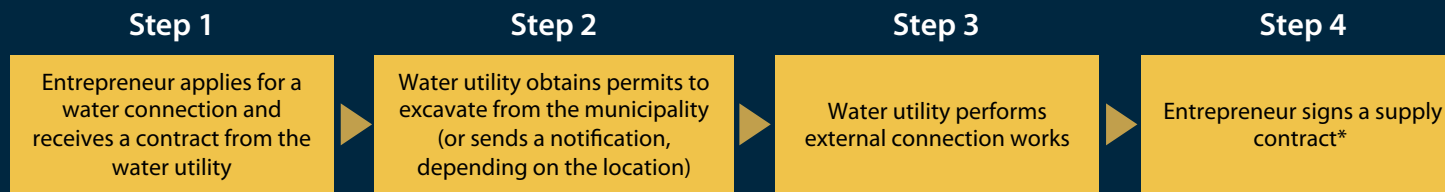
Portugal score: **79.5** to **97** out of 100 points  
Funchal Braga

### 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

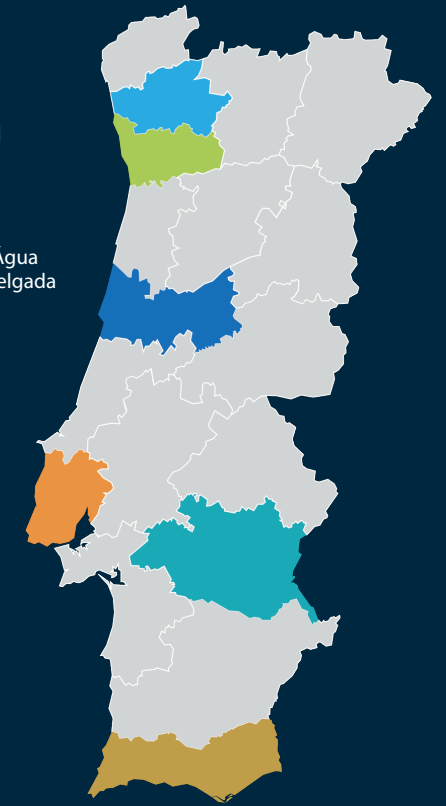


Source: Subnational Business Ready

\*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

- Agere – Empresa de Águas, Efluentes e Resíduos de Braga
- AC, Águas de Coimbra, E.M.
- Câmara Municipal de Évora
- Câmara Municipal do Funchal
- EPAL – Empresa Portuguesa das Águas Livres, S.A.
- FAGAR, E.M.
- Serviços Municipalizados de Água e de Saneamento de Ponta Delgada
- Águas e Energia do Porto



Source: Subnational Business Ready



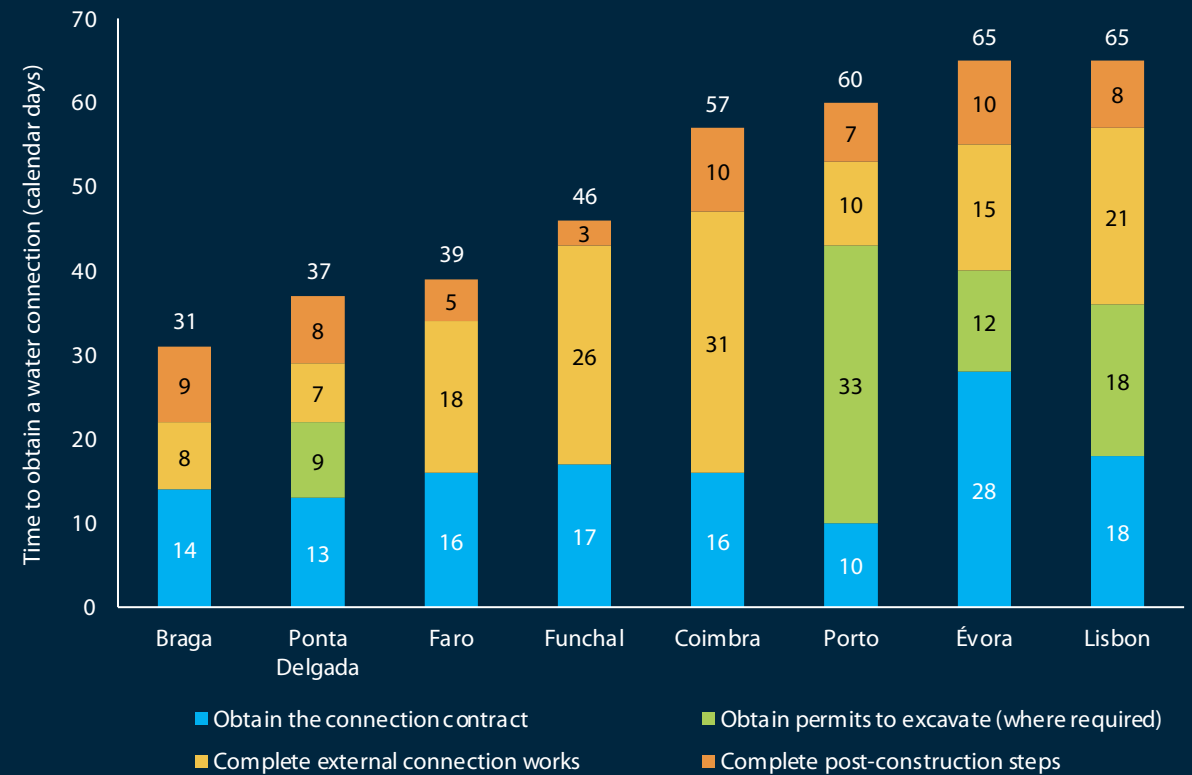
# Water Utility Service in Portugal

## 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)

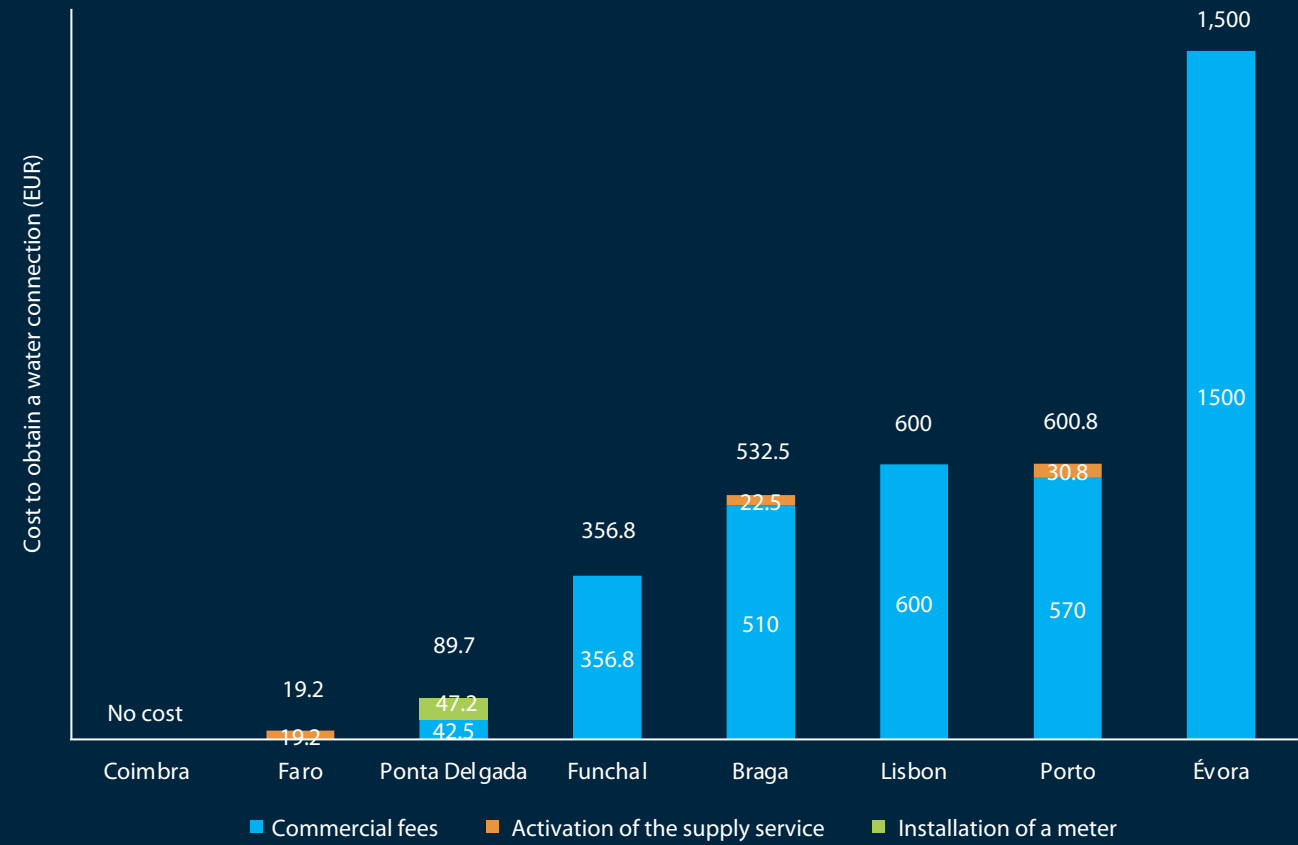
### Getting a water connection is free of charge in Coimbra, but costs up to EUR 1,500 in the other cities

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.

### The cost to obtain a water connection varies significantly between cities



Source: Subnational Business Ready





# Water Utility Service in Portugal

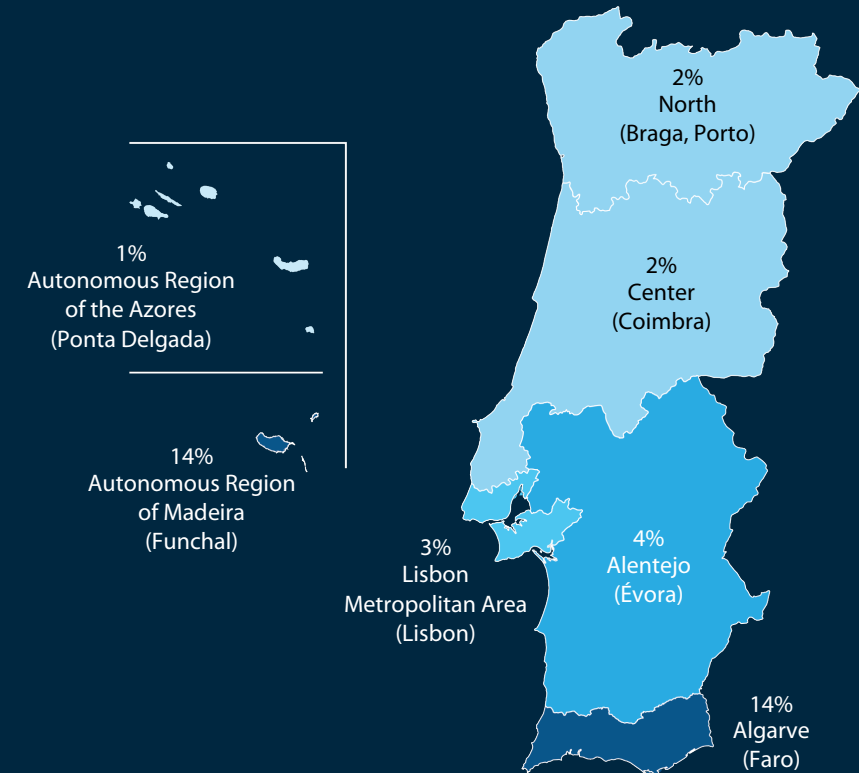
## Pillar III: Operational Efficiency of Water Service Provision (4/4)



### 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



# Internet Utility Service in Portugal



Pillar I:  
Regulatory  
Framework

Score (all cities):  
**83.8/100**



Pillar III:  
Operational  
Efficiency

Score:  
**69** to **93/100**  
Ponta Delgada Lisbon



Pillar II:  
Public  
Services

Score (all cities):  
**75.6/100**

Time (days):

**3** (Lisbon) to **6** (Ponta Delgada)

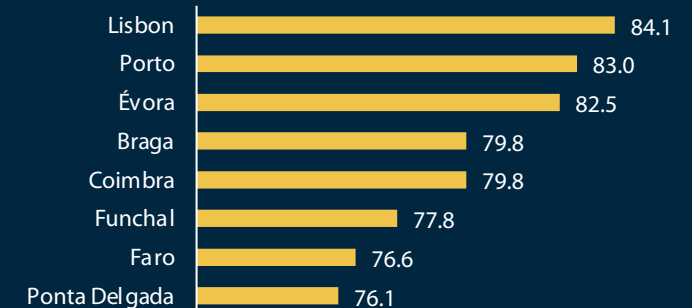
% of firms experiencing  
internet disruptions:

**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://siiia.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.
- 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%.

## Overall Internet Utility Service score per city\*



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



# 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.<sup>15</sup>
- 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.<sup>16</sup>
- Performance standards coupled with a system of incentives compel internet service providers (ISPs) to ensure adequate supply of high-speed broadband internet service.<sup>17</sup>

<sup>15</sup> World Bank, 2016.

<sup>16</sup> World Bank, 2017.

<sup>17</sup> Foster and Rana, 2020.

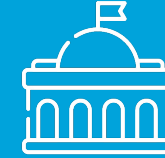
## What does the Internet Utility Service topic measure?



### 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

1.3/5

#### Transparency of connection requirements

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

5/5

#### Transparency of planned outages

- ✓ Publication and announcement of planned internet outages

5/5

#### Transparency of service quality indicators

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

0/5

#### Transparency of tariffs and tariffs settings

- ✗ 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

5/5

#### Transparency of complaint processes

- ✓ 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

12.5/12.5

#### 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

0/12.5

#### 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

12.5/12.5

#### 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

12.5/12.5

#### 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** to **93** out of 100 points  
Ponta Delgada Lisbon

### 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

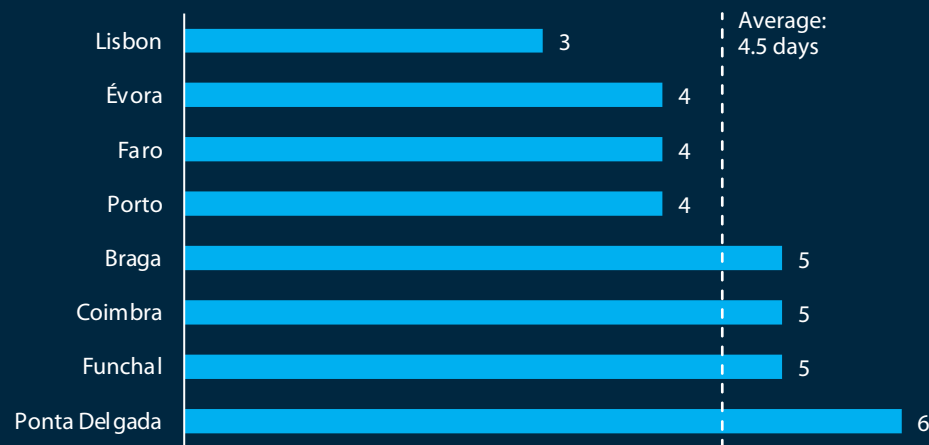


# Internet Utility Service in Portugal

## 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](https://geo.anacom.pt)), 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](https://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)



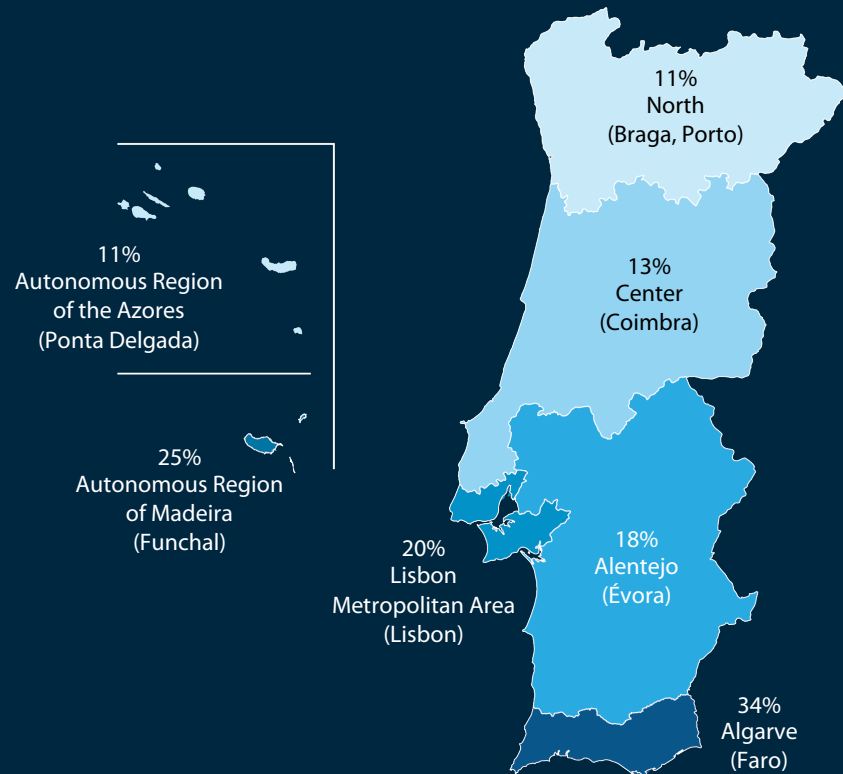
Source: Subnational Business Ready



# Internet Utility Service in Portugal

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

### Percentage of firms experiencing internet disruptions, by region\*

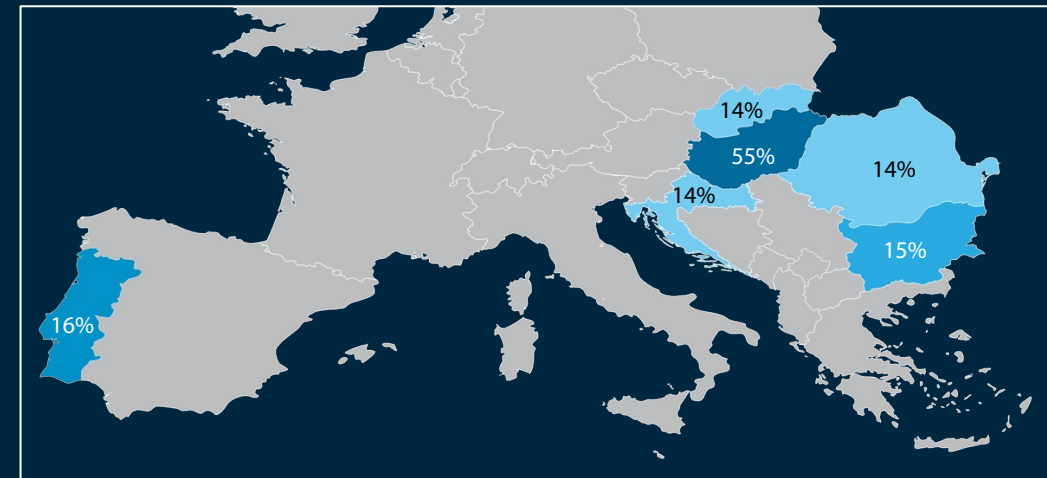


Source: World Bank Enterprise Surveys 2023

\*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**



# Dispute Resolution







# Dispute Resolution in Portugal



Pillar I:  
Regulatory  
Framework

Score (all cities):  
**90/100**



Pillar III:  
Ease of Resolving  
a Commercial  
Dispute

Score:  
**56.7** to **80.3/100**  
Évora Faro



Pillar II:  
Public  
Services

Score (all cities):  
**68.3/100**

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)

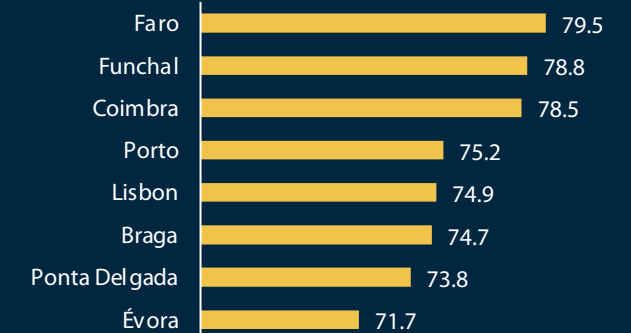
Enforce a judgment: **0.4%** (Faro) to **5%** (Coimbra)

\*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).

## Overall Dispute Resolution score per city\*



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.<sup>18</sup>
- Reliability of the judiciary is equally important: strong court systems attract more investors and expansion of business.<sup>19</sup>

<sup>18</sup> Moro, Maresch, and Ferrando. 2018; Koutroumpis and Ravasan, 2020.

<sup>19</sup> World Bank, 2004; Staats and Biglaiser, 2011; World Bank, 2019.

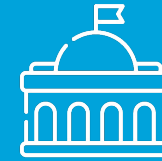
## What does the Dispute Resolution topic measure?



### 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>



# 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

34.1/40

#### 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

26.7/26.7

#### 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

14.6/16.7

#### 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

14.6/16.7

#### 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

11.6/22.2

### Transparency of courts (includes gender)

- ✓ 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

12.2/16.7

### Public services for arbitration (includes gender)

- ✓ 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

8.9/16.7

### Public services for mediation (includes gender)

- ✓ 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



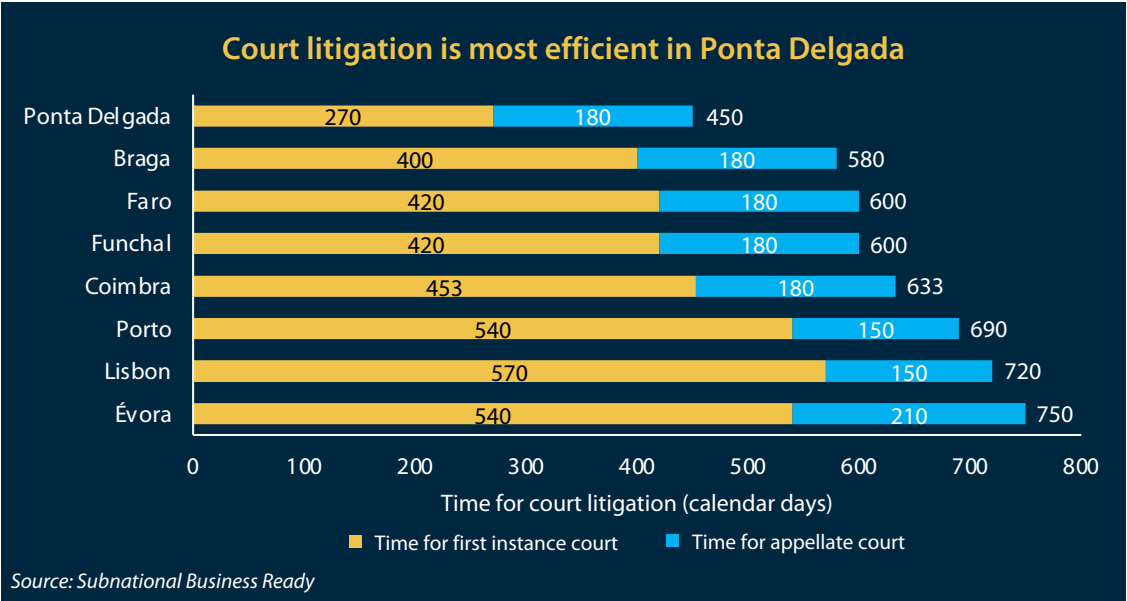
## Pillar III: Operational Efficiency and Reliability of Court and Arbitration Processes (1/4)

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

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.<sup>20</sup> 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.



<sup>20</sup> 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%**

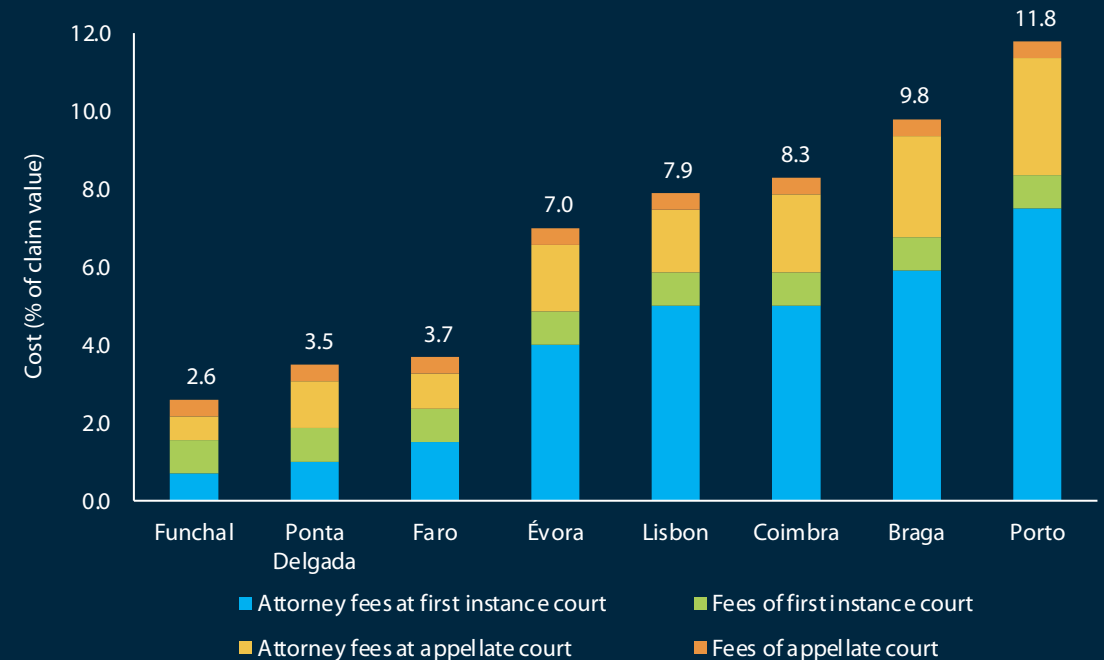
### Attorney fees

- 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.

Composition of court litigation cost



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.

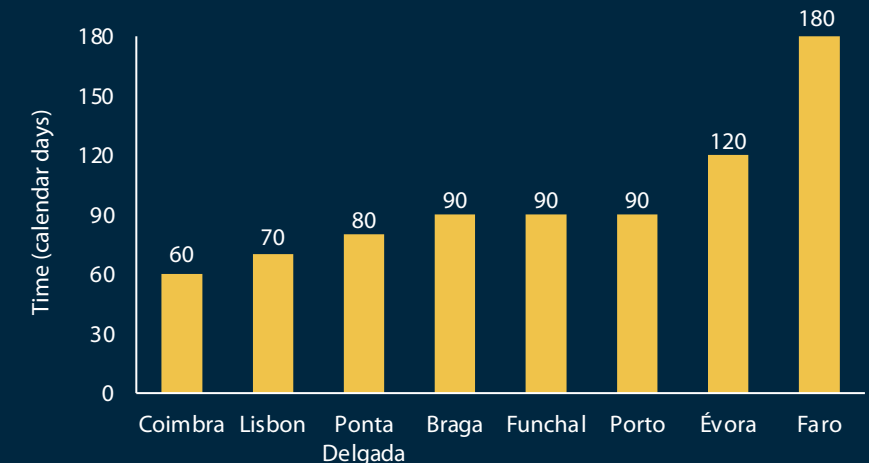
After 10 days, if the parties have no complaints about the final bill, the enforcement agent transfers the funds to the creditor.

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



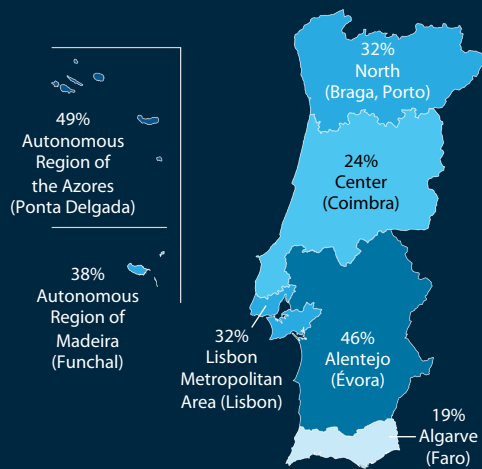
# Dispute Resolution in Portugal

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

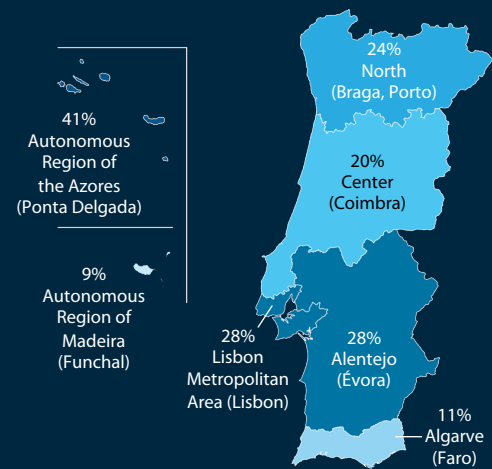
### Reliability of courts and alternative dispute resolution

- 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.

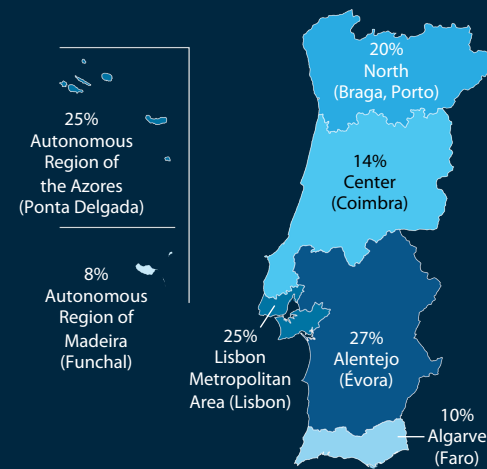
#### Percent of firms that do not find the courts to be independent and impartial



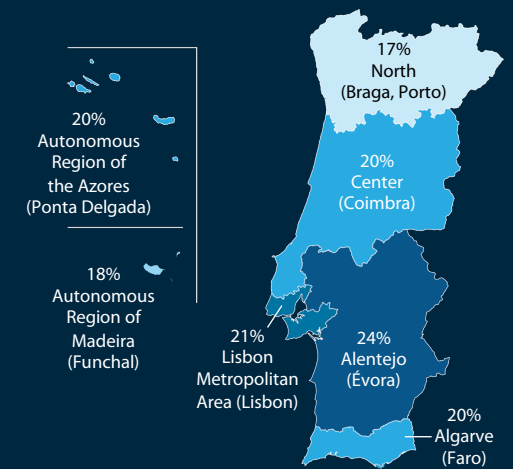
#### Percent of firms that do not find arbitration to be a reliable alternative to courts



#### 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**

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



# Business Insolvency





# Business Insolvency in Portugal



Pillar I:  
Regulatory  
Framework

Score (all cities):  
**69.1/100**



Pillar III:  
Operational  
Efficiency

Score:  
**73.8** to **100/100**  
Porto Évora



Pillar II:  
Public  
Services

Score:  
**86.7** to **96.7/100**  
Évora, 6 cities  
Ponta Delgada

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)

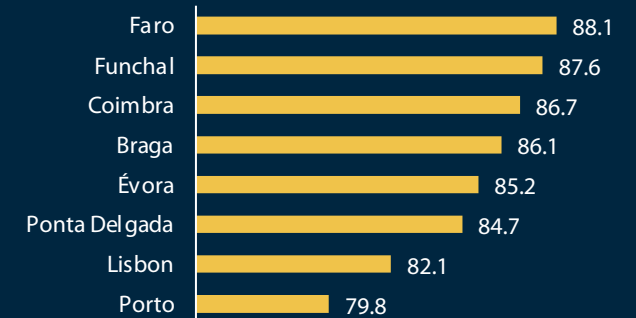
Reorganization: **1%** (Faro, Funchal) to **7.5%** (Lisbon)

\*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.

## Overall Business Insolvency score per city\*



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.<sup>21</sup>
- 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.<sup>22</sup>

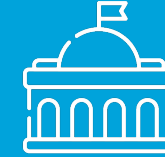
## What does the Business Insolvency topic measure?



### 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

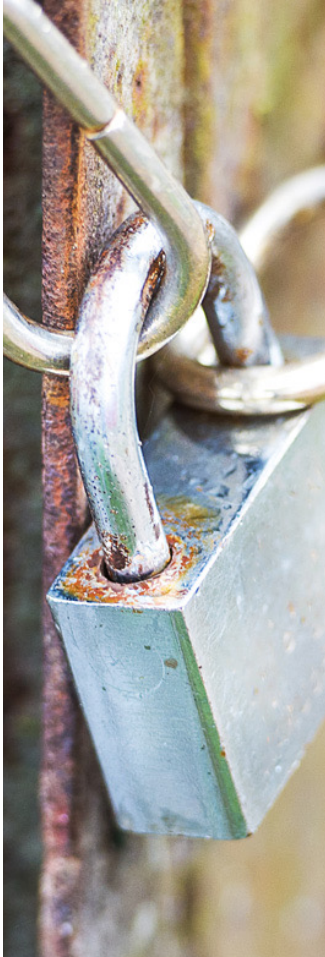
For more information, please refer to the *Business Ready Methodology Handbook*: <https://www.worldbank.org/en/businessready>

<sup>21</sup> Cirmizi, Klapper, and Uttamchandani, 2012.

<sup>22</sup> Menezes, 2014.



# 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

19.5/30

#### Legal and procedural standards

- ✓ 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

39.6/50

#### Debtor's assets and creditor's participation

- ✓ 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

10/20

#### Specialized insolvency proceedings and international insolvency

- ✓ 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** to **96.7** out of 100 points  
Évora, Ponta Delgada 6 cities

- 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** to **96.7** out of 100 points  
Évora, Ponta Delgada 6 cities

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

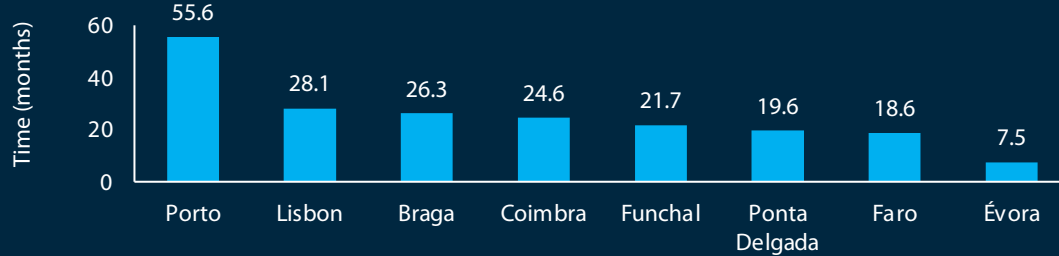


## Pillar III: Operational Efficiency of Resolving Judicial Insolvency Proceedings (1/3)

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

### Time for liquidation and reorganization proceedings

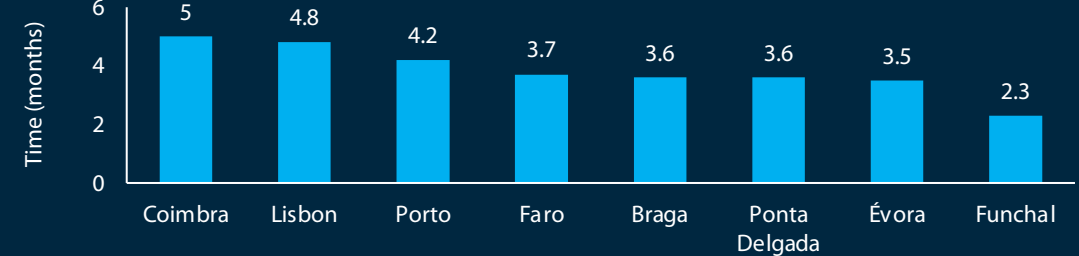
#### Liquidation proceedings



Source: Subnational Business Ready

- 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.

#### Reorganization proceedings



Source: Subnational Business Ready

- 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.

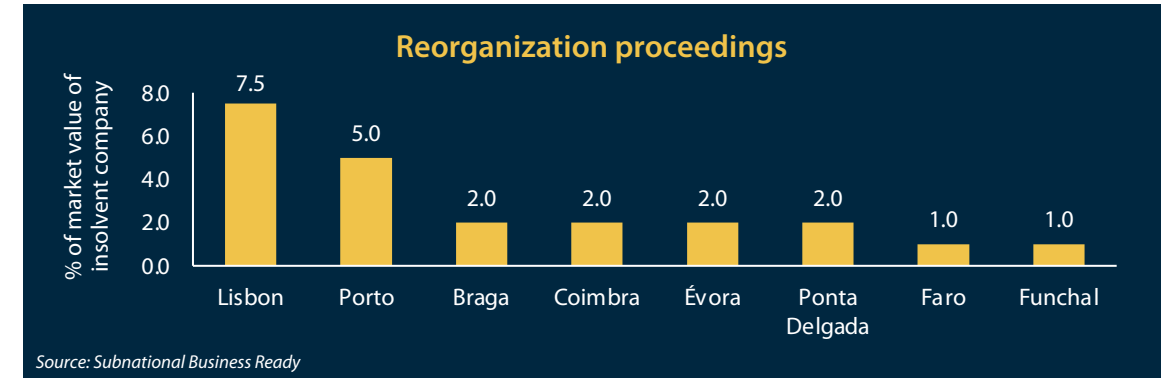
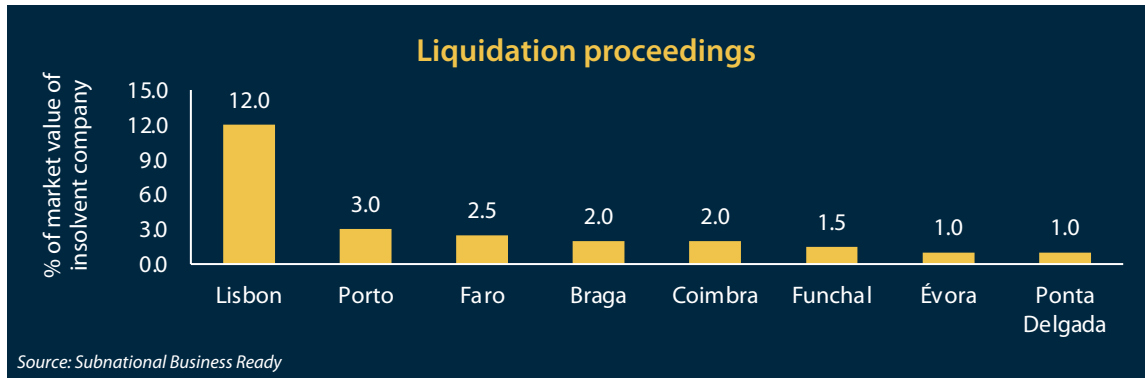
\*The Subnational B-Ready team focused on the PER proceeding, the instrument used by most practitioners at the local level, who reported that they have almost no experience with post-insolvency reorganization plans.



# Business Insolvency in Portugal

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

### Cost of liquidation and reorganization proceedings



- 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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