

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



WORLD BANK GROUP
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**SUBNATIONAL
BUSINESS READY**

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Foreword

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

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

The World Bank's commitment to promoting economic development and mitigating barriers that hinder private sector growth is closely aligned with its goal of eliminating poverty on a livable planet. This is reflected in the methodical approach of the Subnational B-READY team—analyzing and comparing business environments at the local level to foster sustainable and inclusive economic growth. By incorporating aspects of environmental sustainability

into its assessments, the Subnational project directly supports the World Bank Group's livable planet mandate. With the continuous support of the European Commission, the project provides an overview of countries' regulatory processes, highlighting regional variations in business regulations and their practical implementation. The Subnational studies provide pathways to developing effective regulatory frameworks and enhanced administrative processes that are pivotal for economic resilience and growth.

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

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

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

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

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

and economic policy making at both regional and national levels.

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



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Acknowledgments

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

This report was produced by a World Bank team led by Tommaso Rooms. The team comprised Gina Cardenas Varon, Edgar Chavez, Ana Santillana Farakos, Lilla Fordos, Marko Grujicic, Marie Lendělová, Maksym Iavorskyi, Matej Jankovic, Mihir Nikhil Madhekar, Andrei Moarcăs, Trimir Mici, Mădălina Papahagi, Alberto Pellicano, Michala Puskarova, Ben Solis, Predrag Sutanovac, Burak Turkgulu, Julien Vilquin, Daniela Zahradnikova, and Marek Zemlicka. The team is grateful for valuable comments provided by peer reviewers from across the World Bank Group. Marcel Ionescu-Heroiu, Arvind Jain, Klaus Adolfo Koch-Saldarriaga, Andres Federico Martinez, Nina Pavlova Mocheva, Sergio Ariel Muro, and Pilar Salgado Otonel reviewed the full text. Norman Loayza, Marina Wes, Goran Tinjic, Anna Akhalkatsi, Lasse Melgaard, Jehan Arulpragasam, and Reena Badiani-Magnusson provided guidance and leadership. Giovanni Bo, Adela Delcheva, Alina Gres, Corina Grigore, Irina Koval, Monique Pelloux, Julie Biau, Sylvia Stoynova, and Serge Randriamiharisoa provided valuable assistance and inputs at various stages of the project.

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

The Subnational B-READY team extends special thanks for project support to the five Slovak municipal authorities, the Financial Administration, the Ministry of Interior, the

Ministry of Justice, the Regulatory Authority for Electronic Communications and Postal Services, and the Regulatory Office for Network Industries, as well as local utilities and tribunals.

Data collection was carried out in collaboration with the Slovak Chamber of Architects and Alianciaadvokátov. More than 100 business consultants, engineers, lawyers, electricians, architects, construction experts, utility providers, public officials, judges, and enforcement agents contributed to the study. The team would like to express its special gratitude to the national and local public officials and members of the judiciary who participated in the project and who provided comments during the consultation and data review period.

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

The Enterprise Analysis team collected all the B-READY firm-level data through the implementation of the expanded Enterprise Surveys and provided invaluable advice on questionnaire design and indicator development. This team is led by Jorge Rodriguez Meza (Manager) and



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

Executive Summary

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

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

Objective

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

and regulatory frameworks that directly affect businesses at the local level in five Slovak cities: Bratislava, Košice, Prešov, Trnava, and Žilina.

Intended Audience

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

The Importance of Regional Data

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

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

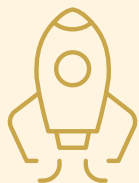


Key Findings

- ▶ Of the five Slovak cities benchmarked by this study, none excels in all the measured areas. Bratislava performs the best in Business Location and Utility Services but lags behind on Dispute Resolution and Business Insolvency. Similarly, Trnava is among the two top performing cities in Business Entry and Business Insolvency but has room for improvement on all other three topics. The two benchmarked cities in the Eastern region (Košice and Prešov) lead on Dispute Resolution and Business Insolvency, respectively, but each could improve on Utility Services.
- ▶ Žilina shows the most consistent performance across all topics. Despite being the only city that does not lead in any area, it is also the only location without any lowest or second lowest topic score.
- ▶ On average, Slovak cities have the highest average score in the areas of Business Entry and Dispute Resolution: 88.0 and 82.4 out of 100 points, respectively. The country has more room to improve on the Utility Services, Business Location, and Business Insolvency topics, with average scores of 77.4, 73.5, and 72.6 points, respectively.
- ▶ The topics with the highest average score (Business Entry) and the lowest average score (Business Insolvency) are also the areas registering the smallest and the largest performance gaps across cities, respectively. This suggests that when regulations are implemented consistently across location, cities' performances tend to be higher.
- ▶ Slovak cities tend to perform better on the strength of the Regulatory Framework (Pillar I) and have gaps on the delivery of Public Services (Pillar II), especially in the areas of Business Location, and on Operational Efficiency (Pillar III), particularly in the areas of Utility Services and Business Insolvency. In other words, while regulations are in place and on par with international good practices, the country could improve the practical implementation of those regulations.
- ▶ Although Slovak cities adhere to a uniform regulatory framework and largely have the same level of public service quality, how regulations are implemented in practice and the efficiency of public agencies vary within the country: most of the cross-city variation identified by this study is driven by differences in the Operational Efficiency of business regulatory processes.
- ▶ Subnational differences exist also in areas where all Slovak cities perform relatively well, such as Business Entry. For example, the time needed to register a new limited liability corporation varies from 10.5 days in Trnava to 20.5 days in Bratislava. This difference depends on the time it takes for local offices of the Financial Administration to process applications for income tax as well as complete VAT registration.
- ▶ The time required to obtain building permits varies from 9.5 months (286 days) in Prešov to over twice as much in Bratislava (626 days). This difference depends mainly on the time required to obtain location permits and clearances for the investment project from municipal and district offices. The time limit for issuing location permits is not set by the law, and the length of these processes depend on local authorities' workload and efficiency.
- ▶ The efficiency of the environmental permitting process also varies by city. The time needed to obtain a decision on whether an environmental impact assessment is required varies significantly, from 45 days in Prešov to 100 days in Žilina, influenced by regional administrative capacities and the volume of development activities.
- ▶ In the area of Business Insolvency, different workloads faced by local courts determine the variation in the duration of liquidation proceedings. This takes 39 months in Žilina, where cases tend to be numerous and complex, due to the role of the city as a strategic transport hub and center for the automotive industry. By contrast, Prešov completes liquidations in 24 months, benefiting from a relatively low number of cases. A workforce out of proportion to the workload penalizes the busiest courts.

Areas of Improvement

Business Entry



The process of VAT registration in the Slovak Republic, which represents the largest share of time for business entry, could possibly be streamlined by allowing VAT registration to be completed at the same time as income tax registration. It could also be simplified by expediting the decision on registration and conducting checks afterward. For example, in Romania companies can choose voluntary VAT registration at the time of submitting their application to the trade registry. Risk analysis is conducted after registration, and in cases where there are problems with the information submitted, the decision can be revoked.

Other areas for improvement for Business Entry include eliminating the start-up capital requirement and removing a trade license obligation. In most EU countries, licenses are required only for companies in regulated or strategic sectors, or for activities representing a higher level of risk. Similarly, several EU Member States, including Belgium, Finland, Ireland, and the Netherlands, have eliminated the minimum capital requirement, while others, such as Bulgaria, Greece, and Portugal, have reduced it to less than 0.1 percent of income per capita.

Business Location



To enhance the building permitting process, the Slovak Republic could streamline preconstruction approvals and improve coordination between agencies by digitalizing the permitting process. Learning from best practices in other EU countries, such as the platforms developed in Croatia, Hungary, and some cities in Portugal, could provide valuable insights for the Slovak Republic. In the Slovak Republic, the spatial planning approval is not integrated with the environmental impact assessment process. It would be beneficial to harmonize all environmental considerations into a single process.

To improve the environmental permitting process, the Slovak Republic could fully adopt a risk-based approach

to environmental approvals similar to practices in Belgium and Denmark, where simpler projects are exempt from extensive environmental assessments. The Slovak Republic could also enhance efficiency and effectiveness in its environmental permitting by further developing digital tools for the permitting process. Introducing online payment options, auto-generated checklists, and the ability to file disputes online can significantly improve the process's accessibility and efficiency.

To further enhance land administration and property transfer in the Slovak Republic, the government could consider fully digitalizing the back-office operations at the Land Registry when processing requests. In addition, making the Cadaster's database interoperable with other agencies would increase reliability and enable efficiency gains. To the extent other institutions keep and manage records with data relevant to property transfer or land administration, enabling data exchange between their databases would increase the efficiency of the process and spare the Land Registry from notifying the tax authority of each transfer of property. Denmark provides good examples of developing platforms interconnecting database. Additionally, the authorities in the Slovak Republic should consider adjusting the legal framework to make mandatory the verification of the identity of both parties involved in a transaction.

Utility Services



To improve the Slovak Republic's electricity sector, it is critical to increase transparency and accountability by collecting and publishing statistics on processing times for electricity connections. These data will allow entrepreneurs to estimate wait times accurately and set clear expectations. Minimizing the number and duration of power outages is essential, particularly in regions such as Žilina, where outages are more frequent and longer. Understanding and addressing the underlying causes of these outages will help improve reliability. Investing in smart meters and smart grid technologies can enhance the network's efficiency and reduce operational costs. Finally, ensuring interoperability across digital platforms and utility databases will streamline processes and improve service delivery.

To enhance water utility services in the Slovak Republic, incentives to ensure that businesses comply with water-saving practices could be introduced. While the existing regulatory framework, overseen by the Regulatory Office for Network Industries (ÚRSO), is strong, including performance standards and financial deterrence mechanisms, and introducing fines, penalties, or nonfinancial incentives for businesses, aiming to incentivize a correct use of water, could further promote water-saving practices.

Furthermore, to speed up obtaining excavation permits, Slovak cities could introduce regular multistakeholder meetings. These meetings would involve representatives from local municipalities, electricity and water utilities, the roads agency, and other relevant parties, aiming to coordinate activities and decrease wait times for excavation permits. Lastly, enhancing digital services by allowing online applications for water connections in all cities and developing comprehensive platforms for tracking the status of requests can significantly reduce the overall time needed to obtain new water connections across the Slovak Republic.

Setting up a mechanism for dealing efficiently with land disputes is another area for possible improvement of the whole property-transfer process. For cases in which a party to a property transaction suffers damage or loss due to an error by the property registry, measures could be taken to improve the efficiency of the dispute settlement by making it possible to avoid having to go to court. Finally, the authorities should increase the transparency of the land administration system by making all relevant information for property transactions available online, including by publishing responses to complaints at the Cadaster as well as statistics on property-related disputes.

Dispute Resolution



To enhance dispute resolution in the Slovak Republic, some key steps are recommended. Firstly, improving case management techniques by establishing clear procedural timeline rules will contribute to more efficient courts.

Enforcing stricter deadlines for serving defendants, filing statements of defense, and issuing expert opinions will provide greater legal certainty and predictability. Secondly, promoting the use of alternative dispute resolution mechanisms is essential, as they will improve court efficiency by decreasing the volume of disputes that proceed to litigation.

Business Insolvency



Some key areas have been identified to enhance the insolvency framework of the Slovak Republic. First, the economy should revise the high mandatory satisfaction rate for unsecured creditors that discourages debtors from choosing reorganization proceedings, leading them to prefer liquidation instead. Addressing the issue could motivate more debtors to opt for reorganization. Furthermore, delays and failures to initiate bankruptcy proceedings promptly, when the first signs of insolvency are evident, need to be addressed by improving “duty to file” regulations. Strengthening this regulation, possibly by increasing penalties or introducing additional measures to enforce timely filings, could reduce the financial risks for creditors and improve the overall efficiency and fairness of the bankruptcy process.



Table 1. Summary of Potential Opportunities for Regulatory Improvement in the Slovak Republic

Topic	Areas for Improvement	Relevant Stakeholders
Business Entry	Eliminate the start-up capital requirement for limited liability companies	<ul style="list-style-type: none"> • Ministry of Justice • Ministry of the Interior • Financial Administration • Commercial Registry
	Review the requirements to obtain a trade license	
	Streamline the VAT registration process	
Business Location	Building Permitting	
	Streamline the process for preconstruction approvals	<ul style="list-style-type: none"> • Section for Construction, Housing Policy and Urban Development of Ministry of Transport • Municipalities
	Incorporate electronic platforms throughout the building permitting process	
	Harmonize spatial planning and environmental impact assessment processes	<ul style="list-style-type: none"> • Section for Construction, Housing Policy and Urban Development of Ministry of Transport • Ministry of Environment • Municipalities
	Environmental Permitting	
	Fully adopt a risk-based approach to environmental approvals	<ul style="list-style-type: none"> • Ministry of the Environment • District office in the seat of the region • District office
	Property Transfer	
	Fully digitalize the back-office operations at the Land Registry when processing requests	<ul style="list-style-type: none"> • Geodesy, Cartography and Cadaster Authority • Ministry of Investments, Regional Development and Digitalization
	Consider adjusting the legal framework to make mandatory the verification of the identity of both parties involved in a transaction	<ul style="list-style-type: none"> • Ministry of Justice • Geodesy, Cartography and Cadaster Authority
	Introduce mechanisms for dealing efficiently with land disputes	
Increase transparency by publishing responses to complaints at the Land Registry and statistics on land disputes	<ul style="list-style-type: none"> • Geodesy, Cartography and Cadaster Authority • Ministry of Investments, Regional Development and Digitalization 	
Utility Services	Electricity	
	Increase transparency and accountability by collecting and publishing statistic	<ul style="list-style-type: none"> • Regulatory Office for Network Industries (ÚRSO) • Distribution utilities
	Improve the reliability of electricity supply	
	Water	
	Introduce incentives aimed at ensuring that businesses comply with water-saving practices	<ul style="list-style-type: none"> • Regulatory Office for Network Industries (ÚRSO) • Municipalities • Water utilities
	Introduce regular multistakeholder meetings to coordinate the processing of excavation permits	<ul style="list-style-type: none"> • Municipalities • Water utilities
	Introduce online applications for water connections	<ul style="list-style-type: none"> • Water utilities
Dispute Resolution	Improve case management by introducing strict time limits and a maximum number of adjournments	<ul style="list-style-type: none"> • Ministry of Justice • Local courts
	Promote alternative dispute resolution mechanisms	

Table 1. Summary of Potential Opportunities for Regulatory Improvement in the Slovak Republic

Topic	Areas for Improvement	Relevant Stakeholders
Business Insolvency	Review the requirement for creditors to be satisfied with at least 50% of their claims in reorganization proceedings	<ul style="list-style-type: none"> • Ministry of Justice • Local courts
	Enhance the "duty to file" regulation to reduce delays to initiate bankruptcy proceedings	

Source: Subnational Business Ready

Methodology

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

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

The selection of cities for Subnational B-READY assessments in the EU is based on geographical coverage and size in consultations with the European Commission and the national governments. In the Slovak Republic, the Subnational B-READY covers five cities in four regions at the NUTS2¹ level: Bratislava (Bratislava region), Košice (Eastern), Prešov (Eastern), Trnava (Western), and Žilina (Central) (map 1).

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

Map 1. Cities in the Slovak Republic Covered by Subnational B-READY

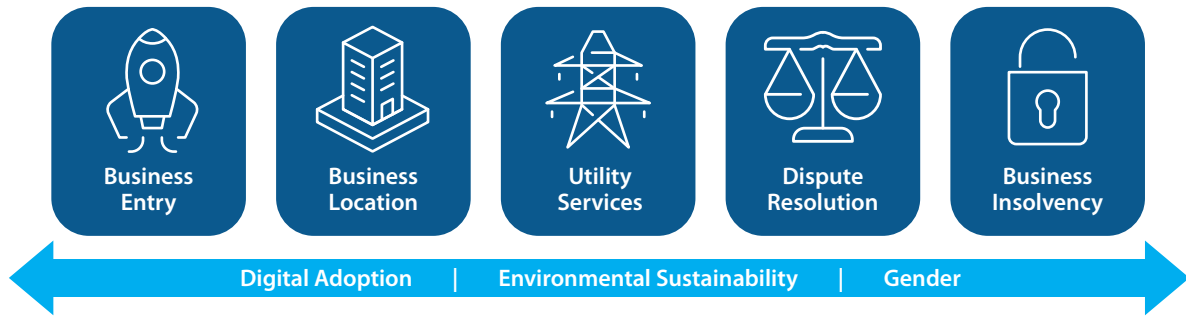


Source: Subnational Business Ready

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

Each of the five Subnational B-READY topics rests on three pillars: Regulatory Framework, Public Services, and Operational Efficiency (figure 2). The Regulatory Framework pillar comprises the rules and regulations that firms must follow as they open, operate, and close a business. Public Services refers to both the facilities that governments provide to support compliance with regulations and the institutions and infrastructure that enable busi-

Figure 1. Subnational B-READY Topics



Source: Business Ready

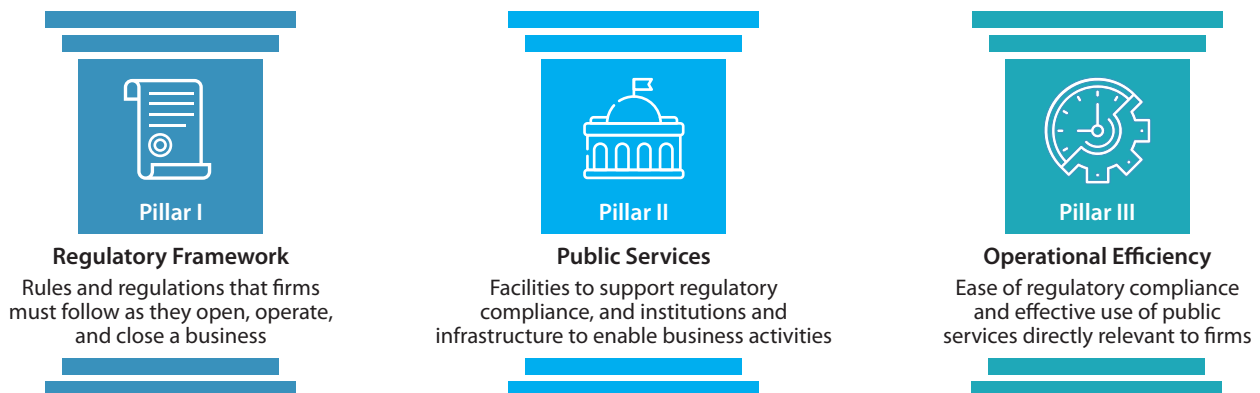
ness activities. In the project, public services are limited to the business environment areas related to the life cycle of the firm. Operational Efficiency refers to both the ease of compliance with the regulatory framework and the effective use of public services directly relevant to firms.

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

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

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

Figure 2. Subnational B-READY Pillars



Source: Business Ready

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

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

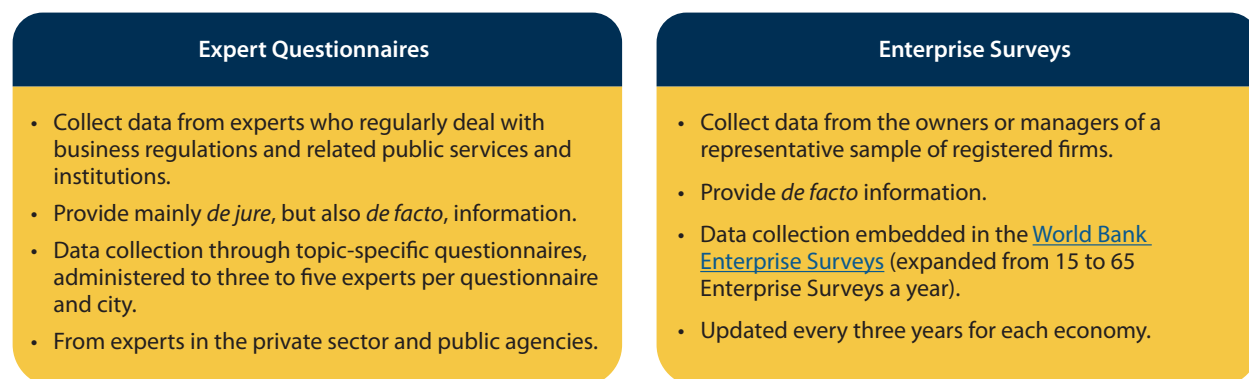
Similar to the Global B-READY methodology, in the Subnational B-READY, data collected through expert surveys are validated against surveys received from the public entities. All responses that result in contradictory or inconclusive data points are followed up on with the experts. Moreover, in the case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

The Subnational B-READY implements a scoring methodology that aggregates individual indicators to subcategories, categories, and pillars following the Global B-READY

methodology (figure 4). The methodology allows comparisons across pillars and economies by weighting each subcategory accordingly. From indicators to pillars, scores are aggregated through summation of the weighted scores. Each pillar is scored out of 100, and the topic score is obtained by averaging the pillar scores.

The Subnational B-READY is governed by the highest data-integrity standards, including sound data-gathering processes, robust data safeguards, and clear approval protocols, which are detailed in the [Subnational Business Ready \(B-READY\) Manual and Guide](#), publicly available on the Subnational B-READY website. Additionally, the [B-READY Methodology Handbook](#) details both the B-READY indicators and the scoring approach. Any deviations from the B-READY Methodology Handbook are detailed in the Subnational B-READY Manual and Guide. The project governance documents will be updated and improved as the project progresses through the initial phases. The cornerstone of B-READY governance is transparency and replicability; as such, all data at the individual city level used to calculate scores will be made publicly available on the project's website.

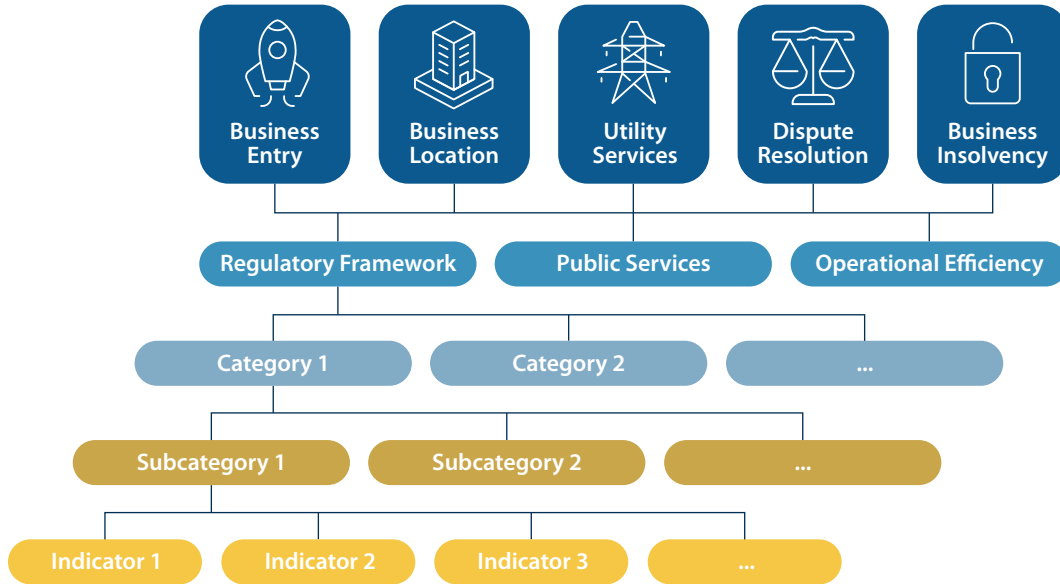
Figure 3. Subnational B-READY Data Sources



Source: Subnational Business Ready

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

Figure 4. Subnational B-READY Scoring Cascade



Source: Business Ready

Subnational Business Ready
in the European Union 2024:

SLOVAK REPUBLIC



1. Overview



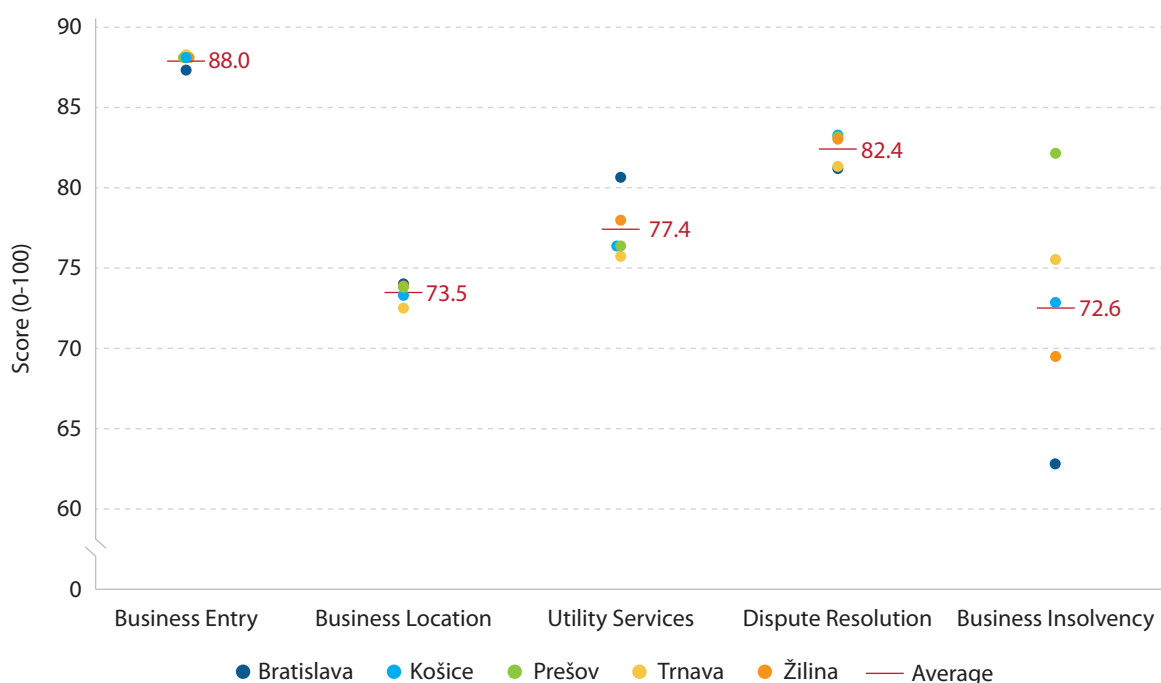
1.1 Overall Results

The Slovak Republic's cities have the highest average score in the areas of Business Entry and Dispute Resolution: 88.0 and 82.4 out of 100 points, respectively (figure 5). In Business Entry, there is limited variability across cities—with a gap of less than one point between the highest- and the lowest-scoring city, which are Trnava and Bratislava, respectively—indicating that company incorporation processes are implemented with similar effectiveness across the measured cities. Similarly, Dispute Resolution scores

show low variation, with Bratislava and Trnava scoring just above 81 points and the other cities scoring above 83 points.

The country has more room to improve on the Utility Services, Business Location, and Business Insolvency topics, with average scores of 77.4, 73.5, and 72.6 points, respectively. Aside from having the lowest average score, Business Insolvency is also the area where the largest per-

Figure 5. Overall Topic Scores, by City



Source: Subnational Business Ready

formance gap among cities is observed. The best-performing city on this topic, Prešov, scores 82.2 points, while the weakest performer, Bratislava, scores 62.8 points, resulting in a remarkable 19.4 point difference across the two ends of the distribution. The most important driver for score variation is the cost for lawyers' fees in Bratislava, compared to the other Slovak cities. Fees in the capital city are remarkably higher for both liquidation⁴ and reorganization.⁵

Of the five Slovak cities benchmarked by this study, none excels in all measured areas. Bratislava performs the best in Business Location and Utility Services but lags behind on Business Entry, Dispute Resolution, and Business Insolvency. Similarly, Trnava is among the top two performing cities in Business Entry and Business Insolvency, but the city has room for improvement on all three other topics. The two benchmarked cities in the Eastern region (Košice and Prešov) lead on Dispute Resolution and Business Insolvency, respectively, but both could improve on Utility Services, specifically when it comes to the wait time for new connections. For example, obtaining a new electricity connection in Žilina, the city where this process is fastest, takes four months, while in Košice and Prešov it takes six months. Similarly, while obtaining a new water connection in the Slovak Republic can be as fast as 69 days, as it is in Bratislava, the same process in the two major cities in the Eastern region takes more than twice as long (158 days).

Žilina has the most consistent performance across all topics: despite being the only city that does not lead in any area, it is also the only location without any lowest or second lowest topic scores. The different strengths of these cities, expressed by topic scores, mean that they all have something to share with, and learn from, each other. Slovak cities operate under the same national legal framework, so changes can be made without any major legislative overhauls, mostly by replicating existing local good practices.

Business Entry is uniformly the best performing topic at the city level. In three of the five cities, the lowest scores are observed on the Business Insolvency topic, with Bratislava having the weakest performance, with 62.8 points. This area suffers from a notable lack of electronic auctions and

online creditors' meetings, due to insufficient technical equipment. Additionally, there is a critical need to strengthen regulations to ensure timely bankruptcy filings by companies upon recognizing signs of insolvency, as current penalties appear insufficient to enforce compliance effectively. Moreover, liquidation and reorganization processes are long and costly in cities such as Bratislava and Žilina, compared to the rest of the country, reflecting regional disparities in case complexity and the allocation of judicial resources and explaining the subnational differences observed in the scoring. Conversely, other cities have more room for improvement on the Business Location topic. This is the case of Trnava, for example, which ranks as the second slowest city for obtaining both a building permit and environmental clearances for construction. Additionally, 29 percent of firms in the Western region (of which Trnava is part) reports access to land as an obstacle in their operations—the highest share across regions.

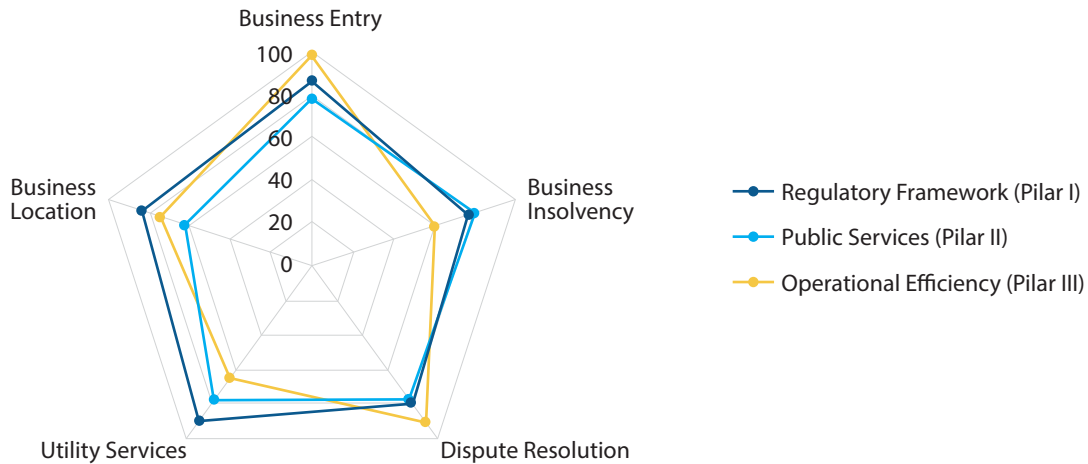
Across the five measured topics, cities in the Slovak Republic tend to perform well in Pillar I, which measures the Regulatory Framework, with average pillar scores that are higher than 77 points for all topics (figure 6). This means that, on average, the existing regulatory framework is strong. With the notable exception of Business Location, the average performance across the topics is also high in Pillar II, which measures the quality and reliability of public service delivery, with average scores above 77 points. In Business Location, the average Pillar II score is 62.4, with an average score gap of 21.3 points between Pillars I and II—which signals a substantial gap between the quality of the regulatory framework and the provision of public services in this topic. For example, the Slovak Republic could enhance public services and make the construction permit-issuing process easier by consolidating preconstruction clearances and introducing an electronic permitting system. Additionally, it could enhance efficiency and effectiveness in its environmental permitting by further developing digital tools for the permitting process and by fully adopting a risk-based approach to environmental approvals.

Similar room for improvement exists for Utility Services, with a gap of 12.1 points between the Pillar I and Pillar II

⁴ Liquidation is the process of assembling and selling the assets of an insolvent debtor to dissolve the company and distribute the proceeds to its creditors. Liquidation may include the piecemeal sale of the debtor's assets or the sale of all or most of the debtor's assets as a going concern. The term *liquidation* refers only to formal in-court insolvency proceedings and does not include the voluntary winding up of a company.

⁵ Reorganization refers to the collective proceedings through which the financial well-being and viability of a debtor's business may be restored based on a reorganization plan, so that the business can continue to operate as a going concern, including debt forgiveness, debt rescheduling, debt equity conversions, and sale of the business (or parts of it). The term *reorganization* refers exclusively to formal in-court proceedings available to all commercial debtors and does not include schemes of arrangement and out-of-court agreements with creditors.

Figure 6. Average Pillar Scores, by Topic



Source: Subnational Business Ready

scores: while the regulatory framework for Utility Services already incorporates many of the internationally established good practices, the Slovak Republic could improve the delivery of public services by implementing a shared database for the network lines of multiple utilities, along with an online system for the coordination of excavation permit approvals. The most varied average scores across the topics are in Pillar III, which measures the efficiency of business regulatory processes in practice. The lowest performances in Pillar III, on average, are observed in Utility Services and Business Insolvency, highlighting gaps between the quality of existing regulations and their implementation.

Slovak cities enjoy uniform regulatory frameworks and largely share the same level of public service quality. However, how regulations are implemented and the efficiency of public agencies vary within the country: most of the cross-city variation identified by this study is driven by differences in the Operational Efficiency of business regulatory processes (figure 7). Since many of the aspects of business regulation analyzed in this report are nationally legislated, there is no city-level variation on Pillar I, which measures regulatory quality, within the country. The best performing topic on Pillar I is Utility Services (89.7 points), followed by Business Entry (86.7 points). Most opportunities for improvement on the Regulatory Framework are highlighted by the Pillar I scores obtained on Business Insolvency (77.2 points) and Dispute Resolution (79.4 points). In provision of Public Services (Pillar II), the Slovak cities are also well harmonized, except for a small difference in Utility Services, where the best performers—Bratislava

and Žilina—score two points ahead of Košice and Prešov and 3.1 points ahead of Trnava.

The variation in Pillar III scores is the starkest in Business Insolvency (figure 7). The different workloads that local courts face determine the variation in the duration of liquidation proceedings in the different cities. Liquidation proceedings take 39 months in Žilina, where cases tend to be numerous and complex, due to the role of the city as a strategic transport hub and center for the automotive industry. By contrast, Prešov completes liquidations in 24 months, benefiting from a relatively low number of cases. A workforce out of proportion to the workload penalizes the busiest courts.

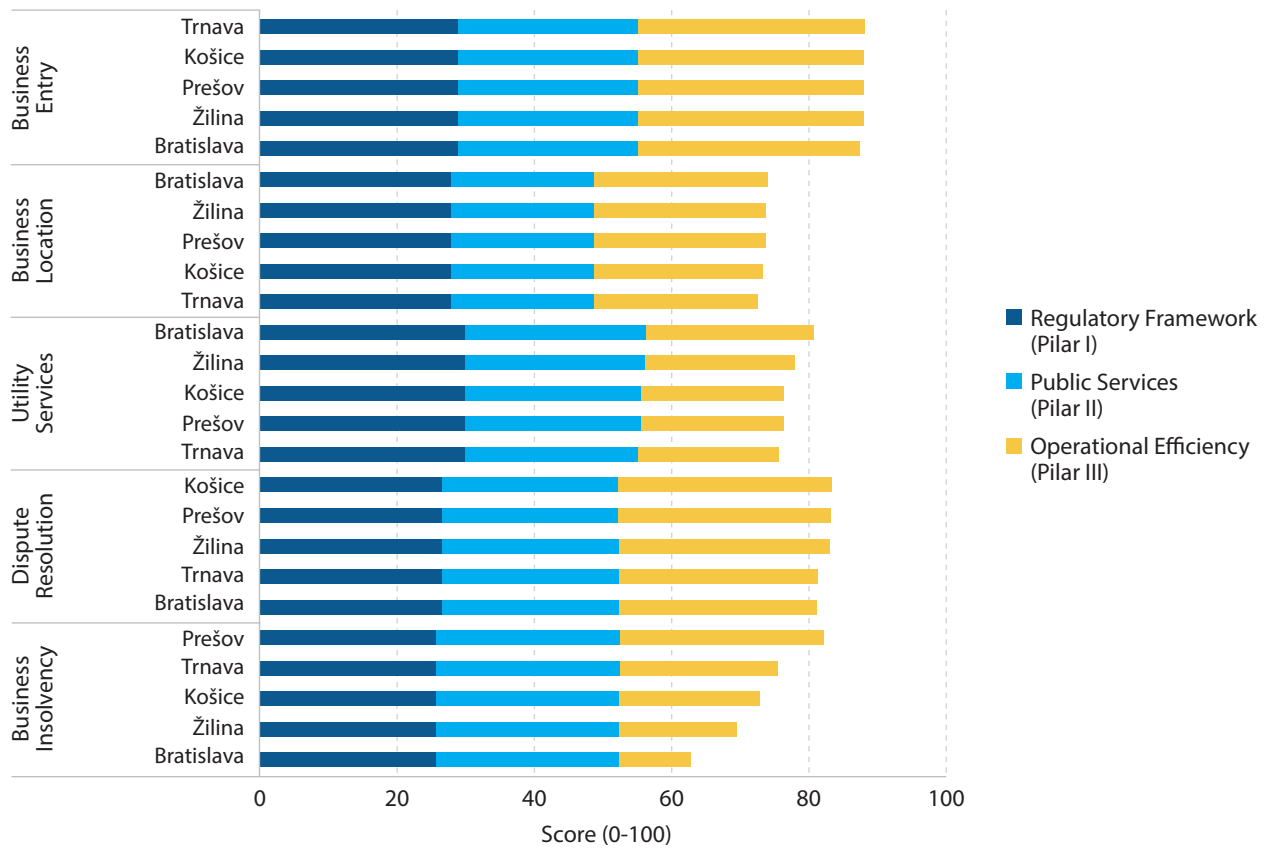
Similarly, on the Business Location topic, the time needed to obtain building permits in practices varies from 9.5 months (286 days) in Prešov to over twice as long in Bratislava (626 days). This difference depends mainly on the time required to obtain location permits and clearances for the investment project from municipal and district offices. The time limit for issuing location permits is not set by the law, and the length of these processes depends on local authorities' workload and efficiency. And the time to obtain a decision on whether an environmental impact assessment is required varies significantly, from 45 days in Prešov to 100 days in Žilina, influenced by regional administrative capacities and the volume of development activities.

Even on topics where all cities perform well and that are relatively uniform across the country, when it comes to

practical implementation of regulations, subnational differences do exist. Take the example of business incorporation: the time required to register a new limited liability company varies from 10.5 days in Trnava to 20.5 days in

Bratislava, depending on the time it takes for local offices of the Financial Administration to process applications for income tax as well as complete VAT registration.

Figure 7. Topic Scores, by City and Pillar



Source: Subnational Business Ready

1.2 Findings from the Enterprise Surveys Data

Results from the World Bank Enterprise Surveys ⁶ implemented in the Slovak Republic in 2023 show that, on average, senior managers of companies spend only 3.5 percent of their time dealing with regulatory requirements. To put things in perspective, the regional average for Europe and Central Asia is more than twice as much, 8.5 percent. Obtaining business licenses and permits is significantly more problematic in Bratislava and the Western region, where 8.2 percent of firms identify it as a major constraint to their business operations, than in the Central and Eastern regions, where this share is nearly half as much (4.4 percent). In general, when asked to identify the biggest business-environment obstacles, only 3 percent of Slovak firms chose business licenses and permits. The top two business-environment obstacles in firms' operations are tax rates and a lack of skilled workers—neither is covered by this study (figure 8).

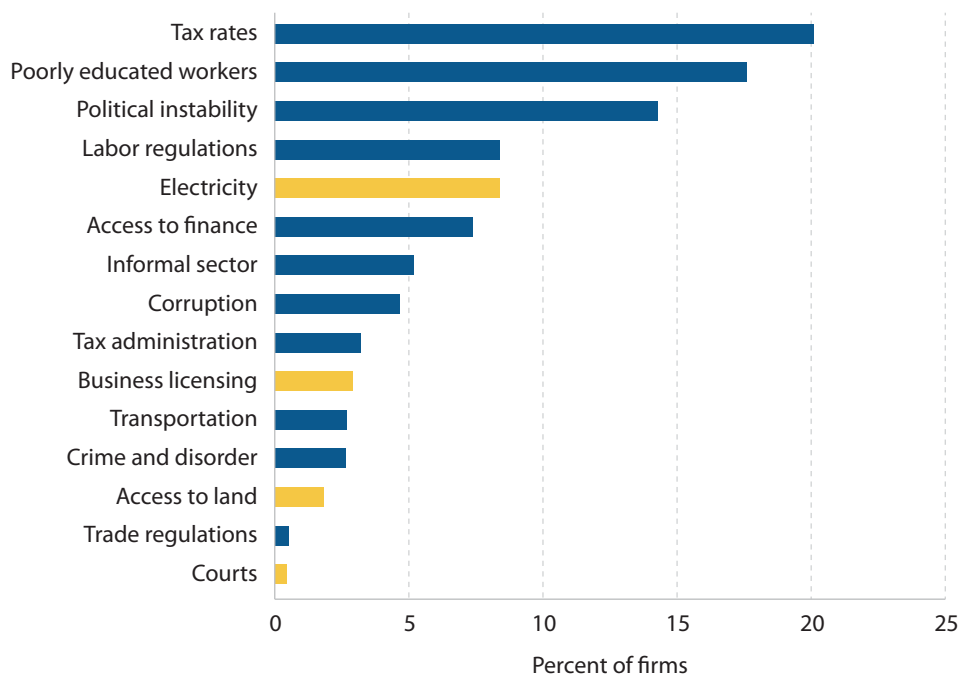
Electricity is ranked fifth, with 8 percent of the firms considering it the biggest obstacle. Based on the firm-level data, about 11.3 percent of firms countrywide experience electrical outages each year, which is significantly less than the Europe and Central Asia average of about 28 percent. Differences across regions are minimal: 11.1 percent in the Bratislava and Western regions versus 11.5 percent in the Central and Eastern regions. The average losses due to electrical outages are low throughout the country, ranging from 0.5 percent of annual sales in the Central and Eastern regions to none in the Bratislava and Western regions.

Although electrical outages are quite rare, about 14 percent of large firms, 9.4 percent of medium firms, and 11.6

percent of small firms own or share a generator. When used, generators produce, on average, only 10.9 percent of electricity. Even more significantly, about 86.2 percent of large firms identify electricity as a major constraint to their business operation. This share is lower for medium (68.2 percent) and small (66.8 percent) firms but still significantly higher than the 25.8 percent average in Europe and Central Asia. The percentage of firms identifying access to electricity as a major constraint is highest in the Central and Eastern regions (76.7 percent), while fewer companies reported electricity as a major constraint in Bratislava and the Western region (61 percent) (figure 9).

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

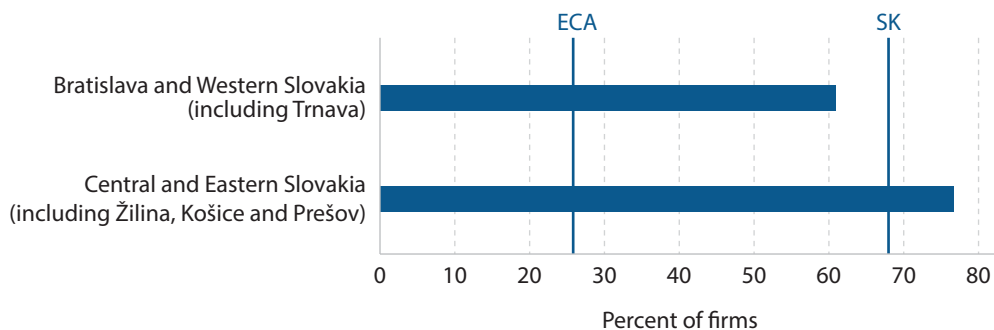
Figure 8. Biggest Business-Environment Obstacles Reported by Firms



Source: World Bank Enterprise Surveys 2023

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

Figure 9. Percentage of Firms That Identify Electricity as a Constraint, by Region



Source: World Bank Enterprise Surveys 2023

Note: Vertical lines indicate the countrywide and region-wide averages in the measures. SK = the Slovak Republic. ECA = Europe and Central Asia.



1.3 Business Entry⁷

The country performs on par with international good practices in the regulatory framework regarding requirements on company information and procedural standards. The Slovak Republic has also adopted regulation on the registration of beneficial ownership⁸ information to further enhance financial transparency and accountability. This was supported by the establishment of the beneficial ownership registry in 2018. While simplified company registration is in place, some limitations remain, as it is available only when a specific set of conditions are met. The Slovak Republic also follows international good practices regarding restrictions for business entry. However, entrepreneurs must present records on criminal history or affidavits in order to register, and they need to obtain a general operating license regardless of the type of business. In addition, the law maintains a paid-in minimum capital requirement of EUR 5,000 to open a new limited liability company, applicable to both domestic and foreign entrepreneurs.

Available public services for business entry include electronic company registration and the use of digital tools to keep company records. Databases on company information and beneficial ownership are fully electronic, centralized, and cover all types of companies and establishments. Companies are assigned a unique business ID number (*Identifikačné číslo organizácie*), which is used by key public sector agencies. Although information is exchanged among these agencies, the update of company information has yet to be fully automated. Similarly, electronic signature and authentication are available in the Slovak

Republic, but a fully automated process to verify identity documents does not yet exist.

The Slovak Republic's official websites offer details on the documents needed to establish a new business, associated fees, service standards, and public programs supporting small and medium-sized enterprises. Electronic access to company records is also publicly available. However, information on environmental permit requirements for low-risk businesses and programs aiding women-led small and medium-sized enterprises are not publicly available. Statistics on newly registered companies are published online, but they do not include data on the number of companies established by female entrepreneurs.

The time required to register a new limited liability company in the Slovak Republic varies from 10.5 days in Trnava to 20.5 days in Bratislava (figure 10). The cost is EUR 150 in all cities and amounts to 1 percent of income per capita.⁹ During the pre-incorporation phase, entrepreneurs have online access to the Commercial Register (*Obchodný register*) to facilitate the name check. In this phase, entrepreneurs are also required to notarize the articles of association. A reform in 2018 helped to streamline the preregistration phase by eliminating the requirement for entrepreneurs to obtain a tax clearance before setting up a new company.

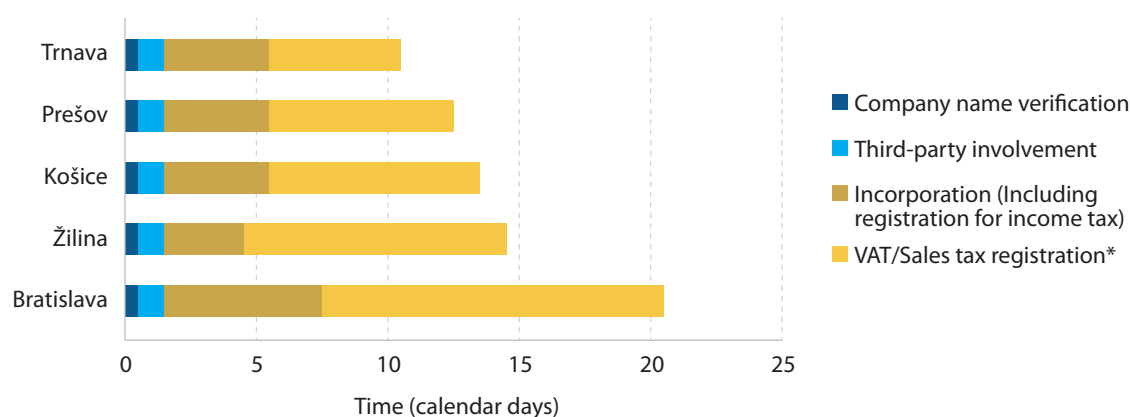
Company registration can be done at the one-stop shop—Single Point of Contact (*Jednotné kontaktné*

⁷ See section 2, "Business Entry in Detail," for more information on the topic, the country-specific context, and a detailed assessment of the data.

⁸ A beneficial owner is considered as the natural person who ultimately owns or controls a company, even if the title to the property is under another name (that is, the ownership or control is exercised through a chain of ownership or by means of control other than direct shareholding).

⁹ The Slovak Republic's 2021 gross national income (GNI) per capita is EUR 17,451.

Figure 10. Time to Register a New Limited Liability Company, by City



Source: Subnational Business Ready.

*Occurs simultaneously with bank account opening and registration of employees and social security.

miesto, JKM). Here entrepreneurs can register with the Commercial Registry, register for income tax, and obtain the trade license. However, the application for income tax is processed separately by the local office of the Financial Administration, which communicates the outcome of the request separately. This partially explains the difference between cities in the time required, as this process can take from three days in Žilina to six days in Bratislava. In 2023, the income tax registration form was replaced by a direct communication of data on new companies registered from the Commercial Register to the Financial Administration. This reduced the time to complete income registration in comparison to 2022 by two or three days, compared to 2022, depending on the city.

In the post-incorporation phase, entrepreneurs need to complete VAT registration, open a bank account, and finalize employer and social security registrations. Further variation between cities in the time required is explained by how long it takes the local offices of the Financial Administration to complete VAT registration. This process takes from five days in Trnava to 13 days in Bratislava; the workload of each local office accounts for the time differences. This step is also the longest in the business entry process due to the risk analysis conducted by the Financial Administration before approving VAT registration.

Table 2 provides a detailed overview—by pillar, category, and subcategory—of the Slovak cities' performance on the Business Entry topic. The column with rescaled points indi-

cates the total maximum points a city can get on each of the measured areas. For example, under Pillar I (Quality of Regulations for Business Entry), category 1.1 (Information and Procedural Standards), subcategory 1.1.3 (Availability of Simplified Registration), cities received 6.7 points (out of a possible 10 points) due to the limited availability of simplified registration. Conversely, all cities receive the maximum number of points on other subcategories, such as Company Information Filing Requirements (15 out of 15) and Risk-based assessment for Operating Business and Environmental Licenses¹⁰ (10 out of 10).

10 A risk-based approach for business and environmental licensing prioritizes resources and oversight based on the level of risk associated with specific business activities or sectors.

Table 2. Business Entry Scores

	No. of indicators	Re-scaled points	Bratislava	Košice	Prešov	Trnava	Žilina	
Pillar I – Quality of Regulations for Business Entry								
1.1	Information and Procedural Standards	18	50	46.7	46.7	46.7	46.7	46.7
1.1.1	Company Information Filing Requirements	7	15	15.0	15.0	15.0	15.0	15.0
1.1.2	Beneficial Ownership Filing Requirements	6	15	15.0	15.0	15.0	15.0	15.0
1.1.3	Availability of Simplified Registration	3	10	6.7	6.7	6.7	6.7	6.7
1.1.4	Risk-based Assessment for Operating Business and Environmental Licenses	2	10	10.0	10.0	10.0	10.0	10.0
1.2	Restrictions on Registering a Business	19	50	40.0	40.0	40.0	40.0	40.0
1.2.1	Domestic Firms	9	25	17.5	17.5	17.5	17.5	17.5
1.2.2	Foreign Firms	10	25	22.5	22.5	22.5	22.5	22.5
	Total	37	100	86.7	86.7	86.7	86.7	86.7
Pillar II – Digital Public Services and Transparency of Information for Business Entry								
2.1	Digital Services	11	40	35.0	35.0	35.0	35.0	35.0
2.1.1	Business Start-Up Process	6	20	20.0	20.0	20.0	20.0	20.0
2.1.2	Storage of Company and Beneficial Ownership Information	3	10	10.0	10.0	10.0	10.0	10.0
2.1.3	Identity Verification	2	10	5.0	5.0	5.0	5.0	5.0
2.2	Interoperability of Services	4	20	15.0	15.0	15.0	15.0	15.0
2.2.1	Exchange of Company Information	2	10	5.0	5.0	5.0	5.0	5.0
2.2.2	Unique Business Identification	2	10	10.0	10.0	10.0	10.0	10.0
2.3	Transparency of Online Information	9	40	28.5	28.5	28.5	28.5	28.5
2.3.1	Business Start-Up (includes gender and environment)	5	20	14.0	14.0	14.0	14.0	14.0
2.3.2	Availability of General Company Information	2	10	9.5	9.5	9.5	9.5	9.5
2.3.3	General and Sex-Disaggregated Statistics on Newly Registered Firms	2	10	5.0	5.0	5.0	5.0	5.0
	Total	24	100	78.5	78.5	78.5	78.5	78.5
Pillar III – Operational Efficiency of Business Entry								
3.1	Domestic Firms	2	100	97.0	99.0	99.0	99.5	99.0
3.1.1	Total Time to Register a New Domestic Firm	1	50	47.0	49.0	49.0	49.5	49.0
3.1.2	Total Cost to Register a New Domestic Firm	1	50	50.0	50.0	50.0	50.0	50.0
	Total	2	100	97.0	99.0	99.0	99.5	99.0

Source: Subnational Business Ready

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



1.4 Business Location

Building Permitting¹¹

Building regulations are comprehensive, standardized, and applicable to all construction. Clear provisions or guidelines regarding safety standards are present in the legal framework. There is regulation of construction materials that pose health risks, and a list of regulated materials is available in the legal framework. Liability for structural flaws is defined by law, and professionals conducting technical supervision are required to have specific qualifications. Additionally, decisions on building permits can be disputed with the issuing authority. However, the framework could benefit from mandating phased or risk-based structural safety inspections during construction. Furthermore, certified engineers or architects, whether from public agencies or private external firms, could be made legally responsible for ensuring that building plans comply with building regulations.

The Slovak Republic's energy code standards meet international best practices, and minimum energy efficiency performance standards are mandated by law. Proof of compliance with these standards is required when applying for a building permit. There are also incentives to promote green building standards.

Land use and zoning regulations in the Slovak Republic are comprehensive, including requirements for trunk infrastructure services, such as water, electricity, and sanitation. Maps identify areas allocated for various uses,

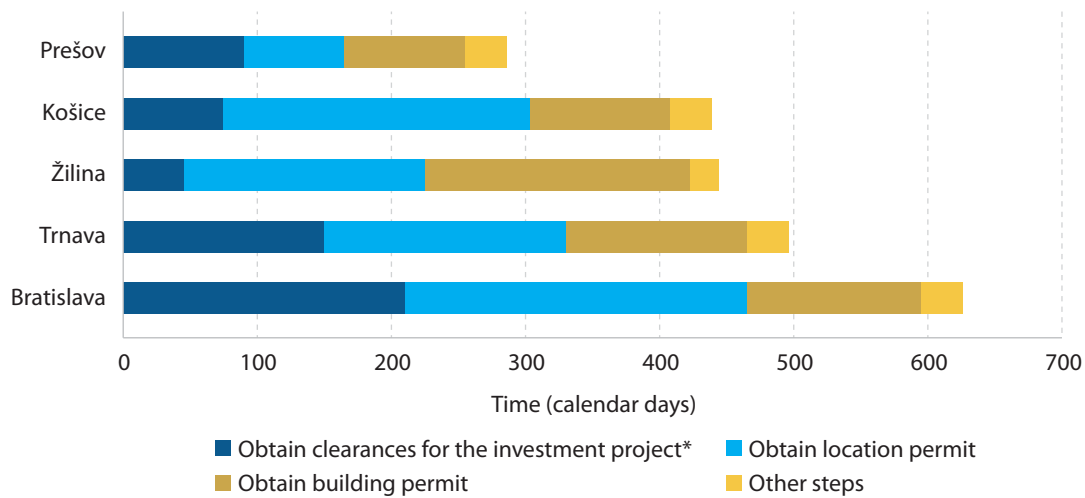
such as residential, commercial, agricultural, and public/institutional purposes. Hazard maps outline zones where building is prohibited due to natural hazards or resource considerations.

Currently, there is no online system for building permitting or for filing disputes on building permits, which results in a low overall score on digital public services and transparency of information across the country. The new construction law ("Government Program Statement of the Slovak Republic for 2020–2024") aims to simplify spatial planning processes, incorporate a spatial planning and construction information system, and unify the spatial plan structure. This law aims for full digitalization of building permitting in the Slovak Republic by 2032.

The time required to obtain building permits in the Slovak Republic varies significantly across cities. The process is fastest in Prešov, where it can be completed in 286 days, while it takes up to 626 days in Bratislava (figure 11). These variations are primarily due to the time required to obtain location permits and clearances for the investment project from municipal and district offices. On average, obtaining the location and building permits is the most time-consuming part of the building permit process, accounting for around 69 percent of the total time required for the construction permitting process. There is no legal time limit for issuing location permits, and the length of the process depends on the Building Office's workload and employee efficiency.

¹¹ See section 3.1, "Building Location in Detail—Building Permitting," for more information on the topic, the country-specific context, and a detailed assessment of the data.

Figure 11. Time to Obtain a Building Permit, by City and Stage



Source: *Subnational Business Ready*

*During this time, clearances are obtained from the municipality and specialized agencies (environmental, fire safety, health, and sanitation), and consent is obtained from utility providers.

The cost of obtaining building permits is relatively consistent, averaging EUR 5,201, which is about 29.81 percent of income per capita.¹² Costs range from EUR 5,183 in Trnava to EUR 5,235 in Bratislava, with slight variations due to fees charged by water and electricity utility providers for project consent and technical conditions. The cost of obtaining an occupancy permit is uniform across cities: EUR 2,380. Obtaining an occupancy permit takes between 83 and 90 days, depending on how quickly parties involved in the final inspection issue clearances and deliver them to the Building Office. The time taken by the Building Office to compile all clearances and issue the final permit also affects the time required.

Environmental Permitting¹³

Environmental permitting regulations and the availability of digital public services and transparency of information are consistent across the five benchmarked cities in the Slovak Republic. National environmental regulations are regularly updated to incorporate recent environmental and technological advancements in the construction sector. Penalties or fines are imposed for noncompliance

with the regulations, and environmental risks are clearly defined within the legal framework.

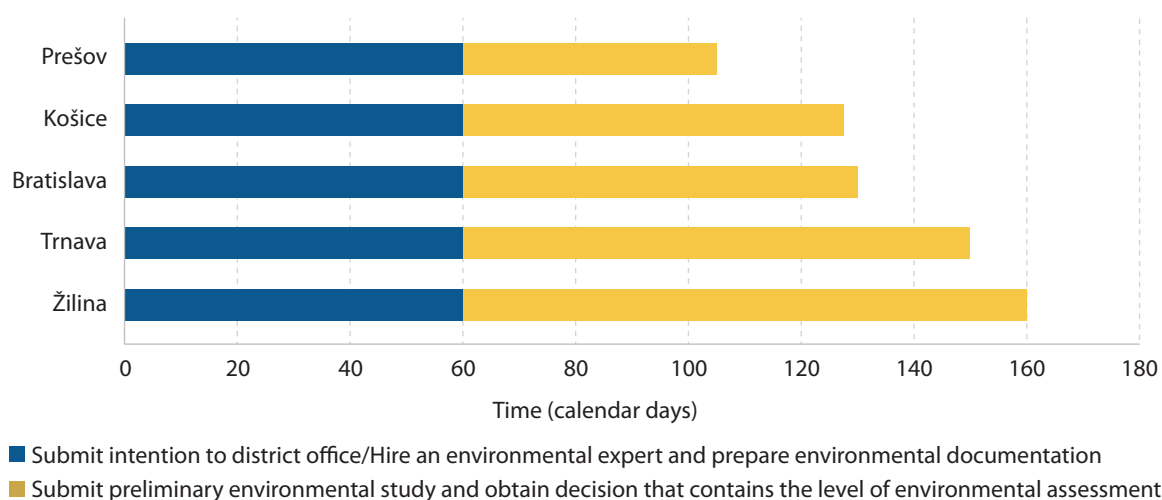
Environmental clearances for construction are governed by Act No. 24/2006 Coll. on Environmental Impact Assessment, which stipulates that qualified professionals should be used to conduct environmental impact assessments, along with specific criteria to trigger assessments. However, the legal framework does not define the 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). While the regulatory framework allows for disputing environmental clearances and permits with the permit-issuing authority, no out-of-court mechanisms provide for the resolution of disputes between the public body and applicant in relation to the environmental permitting process.

Public services for environmental permitting in the Slovak Republic are uniform across the country, and efforts to digitalize the process are gradually improving. The availability of online services is limited. There are no auto-generated checklists to help ensure that applicants make complete and accurate submissions, no online payment

¹² The Slovak Republic's 2021 GNI per capita is EUR 17,451.

¹³ See section 3.2, "Building Location in Detail—Environmental Permitting," for more information on the topic, the country-specific context, and a detailed assessment of the data.

Figure 12. Time Taken to Obtain Environmental Clearances for Construction, by City and Stage



Source: Subnational Business Ready

options within the platform, and no online means to file disputes. However, the existing electronic platform allows for online communication, notifications, and submissions. Information regarding environmental permitting is transparent, including the requirements for obtaining environmental licensing for construction projects and an up-to-date fee schedule for obtaining environmental clearances electronically.

The efficiency of the environmental permitting process in the Slovak Republic varies by city. The time required to complete the process ranges from 105 to 160 days (figure 12). The initial and documentation preparation phases are uniformly completed within 60 days across all cities. However, the time to obtain a decision on whether an environmental impact assessment is required varies significantly, from 45 days in Prešov to 100 days in Žilina, influenced by regional administrative capacities and the volume of development activities. Despite these variances, the cost for obtaining environmental clearances remains consistent at EUR 7,000, approximately 40.11 percent of income per capita.

Property Transfer¹⁴

The regulatory framework for property transfer in the country features many good practices in terms of property-transfer standards, such as free access to information

on property rights and cadastral maps, and the existence of a cadastral agency. Verification of the legality of property-transaction documents is mandated by law, while electronic and paper documents have equal legal standing. Similarly, registration at the Land Registry¹⁵ is required to make the title opposable to third parties. However, only the identity of the buyer needs to be verified for a property transaction, not the identity of both parties, as international good practices suggest. Domestic firms in the Slovak Republic face no restrictions on leasing or owning property, while foreign firms face restrictions only on agricultural land ownership. The law also provides for alternative dispute resolution (ADR) mechanisms between private parties regarding registered property rights through mediation and conciliation. However, arbitration does not exist, while the land system also lacks legal provisions for the security of rights, as the out-of-court compensation mechanism for land registry errors currently does not exist.

All five cities in the Slovak Republic share similar features regarding the quality of public services for property transfer and the related transparency of information. Some digital public services for property transfers are accessible, such as the electronic platforms for due diligence and encumbrance checks, as well as online complaint mechanisms at the Cadaster. However, there is no available electronic platform to register property. Nevertheless, all properties in the country are registered and mapped. As a single agency

¹⁴ See section 3.3, "Building Location in Detail—Property Transfer," for more information on the topic, the country-specific context, and a detailed assessment of the data.

¹⁵ The Land Registry is an official public inventory that documents and maintains information on land ownership through recording titles (rights on land) or deeds (documents concerning changes in the legal situation of land).

fulfills both land registry and cadastral functions, it uses a single ID number for properties and a single database for legal and geospatial information, but it has yet to become interoperable with other agencies. The list of requirements for property transfers, service standards, and fee schedules are available online on the Cadaster’s website. However, these websites have been publishing statistics neither on the number and types of property-related transactions nor on land disputes and the time required to solve them. Similarly, no sex-disaggregated data on property ownership is available.

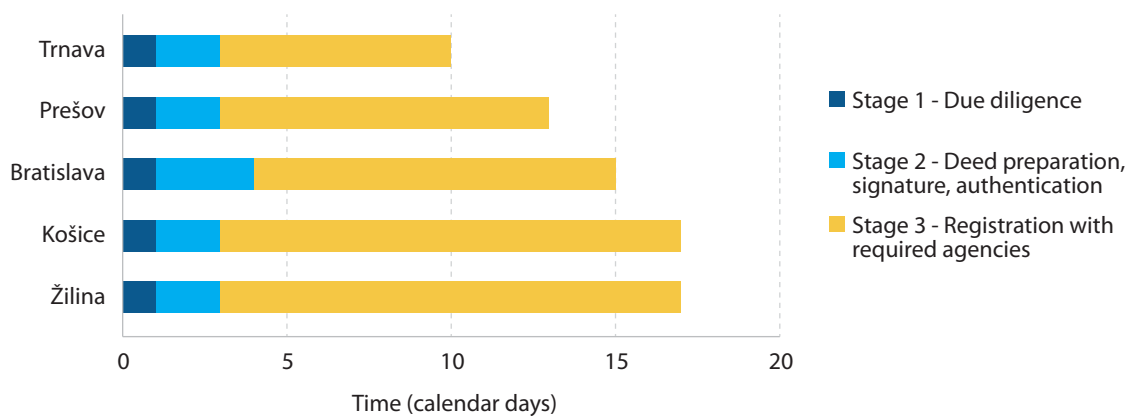
Both land registry and cadastral functions fall under a single institution’s mandate, the Cadaster. Since 2018, reforms have been implemented to focus on improving and broadening the digital services offered to Slovak citizens and firms. Most notably, an electronic platform was launched in 2022 that offers new functionalities, including extended access to real estate cadaster data and the possibility for more advanced electronic submissions to the cadaster. As a result of these continuous reforms, all steps for registering property transfer in the Slovak Republic can be done online, making the process simple, straightforward, and uniform across the country.

The time it takes for Slovak cities to transfer a property spans between 10 days in Trnava and 17 days in Košice and Žilina (figure 13). The time difference is driven mainly by the registration of the deed at the Land Registry. While all Land Registries respect the legal deadline of 15 days, in Trnava it takes the Land Registry only one week to rule on

a registration request, but in Košice and Žilina it takes twice as long. The cost to register a property transfer is the same throughout the entire country and amounts to EUR 883, or 0.05 percent of the property value.¹⁶ This cost is composed of the registration fee and legal fees. The registration fee varies depending on the option preferred by the requestor: EUR 266 for the fast-track option (15 days) and EUR 66 for the standard time option (30 days). Each of these fees can be submitted electronically. The fees for the electronic options (EUR 133 and EUR 33, respectively) are half the price of the paper-based options to incentivize the uptake of digital services. In addition, entrepreneurs choosing to resort to professional experts would pay about EUR 750 in legal fees, which includes the notary fee for signature verification (EUR 2.87).

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

Figure 13. Time to Register a Property Transfer, by City and Stage



Source: Subnational Business Ready

¹⁶ For a property value of EUR 1,745,100, equal to 100 times the 2021 GNI per capita. The Slovak Republic’s 2021 GNI per capita is EUR 17,451.

Table 3. Business Location Scores

	No. of indicators	Re-scaled points	Bratislava	Košice	Prešov	Trnava	Žilina	
Pillar I – Quality of Regulations for Business Location								
1.1	Property Transfer and Land Administration	11	40	28.8	28.8	28.8	28.8	28.8
1.1.1	Property Transfer Standards	4	15	11.3	11.3	11.3	11.3	11.3
1.1.2	Land Dispute Mechanism	4	15	7.5	7.5	7.5	7.5	7.5
1.1.3	Land Administration System	3	10	10.0	10.0	10.0	10.0	10.0
1.2	Building, Zoning and Land Use	20	40	36.5	36.5	36.5	36.5	36.5
1.2.1	Building Standards	11	15	11.5	11.5	11.5	11.5	11.5
1.2.2	Building Energy Standards	4	15	15.0	15.0	15.0	15.0	15.0
1.2.3	Zoning and Land Use Regulations	5	10	10.0	10.0	10.0	10.0	10.0
1.3	Restrictions on Owning and Leasing Property	19	10	9.5	9.5	9.5	9.5	9.5
1.3.1	Domestic firms—Ownership	4	2.5	2.5	2.5	2.5	2.5	2.5
1.3.2	Domestic firms—Leasehold	5	2.5	2.5	2.5	2.5	2.5	2.5
1.3.3	Foreign firms—Ownership	5	2.5	2.0	2.0	2.0	2.0	2.0
1.3.4	Foreign firms—Leasehold	5	2.5	2.5	2.5	2.5	2.5	2.5
1.4	Environmental Permits	12	10	8.9	8.9	8.9	8.9	8.9
1.4.1	Environmental Permits for Construction	10	5	4.8	4.8	4.8	4.8	4.8
1.4.2	Dispute Mechanisms for Construction-Related Environmental Permits	2	5	4.2	4.2	4.2	4.2	4.2
	Total	62	100	83.6	83.6	83.6	83.6	83.6
Pillar II – Quality of Public Services and Transparency of Information for Business Location								
2.1	Availability and Reliability of Digital Services	21	40	23.1	23.1	23.1	23.1	23.1
2.1.1	Property Transfer—Digital Public Services	6	8	6.3	6.3	6.3	6.3	6.3
2.1.2	Property Transfer—Digital Land Management and Identification System	5	8	6.4	6.4	6.4	6.4	6.4
2.1.3	Property Transfer—Coverage of the Land Registry and Mapping Agency	4	8	8.0	8.0	8.0	8.0	8.0
2.1.4	Building Permits—Digital Public Services	4	8	0.0	0.0	0.0	0.0	0.0
2.1.5	Environmental Permits—Digital Public Services	2	8	2.4	2.4	2.4	2.4	2.4
2.2	Interoperability of Services	6	20	12.5	12.5	12.5	12.5	12.5
2.2.1	Interoperability of Services for Property Transfer	4	10	7.5	7.5	7.5	7.5	7.5
2.2.2	Interoperability of Services for Building Permits	2	10	5.0	5.0	5.0	5.0	5.0
2.3	Transparency of Information	19	40	26.7	26.7	26.7	26.7	26.7
2.3.1	Immovable Property (includes gender)	9	20	11.1	11.1	11.1	11.1	11.1
2.3.2	Building, Zoning and Land Use	8	15	10.6	10.6	10.6	10.6	10.6
2.3.3	Environmental Permits	2	5	5.0	5.0	5.0	5.0	5.0
	Total	46	100	62.4	62.4	62.4	62.4	62.4
Pillar III – Operational Efficiency of Establishing a Business Location								
3.1	Property Transfer and Land Administration	3	40	36.5	34.4	34.5	32.3	36.3
3.1.1	Major Constraints on Access to Land	1	13.3	10.0	8.0	8.0	5.7	9.9
3.1.2	Time to Obtain a Property Transfer	1	13.3	13.2	13.1	13.2	13.2	13.1
3.1.3	Cost to Obtain a Property Transfer	1	13.3	13.3	13.3	13.3	13.3	13.3

Table 3. Business Location Scores

		No. of indicators	Re-scaled points	Bratislava	Košice	Prešov	Trnava	Žilina
3.2	Construction Permits	2	40	19.8	19.8	21.0	19.8	19.8
3.2.1	Time to Obtain a Building Permit	1	20	0.0	0.0	1.2	0.0	0.0
3.2.2	Cost to Obtain a Building Permit	1	20	19.8	19.8	19.8	19.8	19.8
3.3	Environmental Permits	2	20	19.6	19.6	19.7	19.4	19.3
3.3.1	Time to Obtain an Environmental Permit	1	10	9.7	9.7	9.8	9.5	9.4
3.3.2	Cost to Obtain an Environmental Permit	1	10	9.9	9.9	9.9	9.9	9.9
	Total	7	100	75.9	73.8	75.2	71.5	75.4

Source: Subnational Business Ready

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



1.5 Utility Services

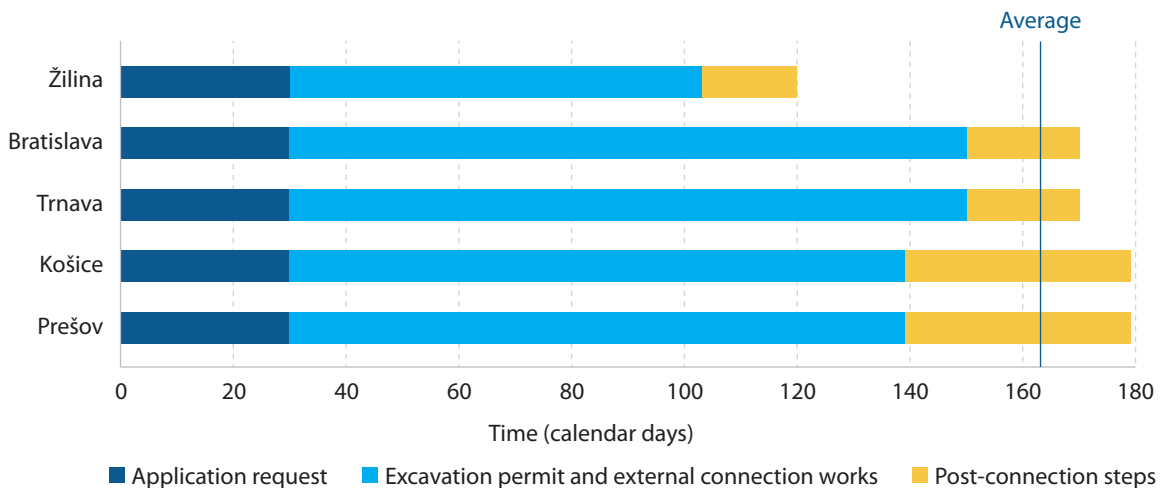
Electricity¹⁷

The electricity regulatory framework¹⁸ in the Slovak Republic is uniform across all regions and on par with internationally recognized good practices. The Regulatory Office for Network Industries (ÚRSO) oversees the monitoring and approval of electricity tariffs, as well as the quality of electricity services based on performance standards. The regulation established incentives to limit the interruption of electricity service, as well as the required qualifica-

tions for professionals who install conducting electricity. Inspections and liability regimes are also regulated, and environmental regulations for the sustainable provision and use of electricity have been established. However, the Slovak Republic lacks joint planning and construction mechanisms among utility providers, such as the provision of common excavation permits and “dig once” policies.

Online platforms are available for submitting applications, a tracking option is available, and users can make the related payment. Planned outages are announced in advance,

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



Source: Subnational Business Ready

¹⁷ See section 4.1, “Utility Services in Detail—Electricity,” for more information on the topic, the country-specific context, and a detailed assessment of the data.

¹⁸ Law No. 250/2012 on Regulation in Network Industries.

and tariffs and connection requirements are available online. Key performance indicators for service quality and reliability are publicly available, but not those related to the sustainability of electricity service supply.

The efficiency of obtaining electricity connections varies significantly across cities. The process takes between 120 and 179 days (figure 14), and costs range from EUR 12,017 to EUR 12,325. The process involves several steps, including obtaining excavation permits, conducting inspections, and finalizing supply contracts.

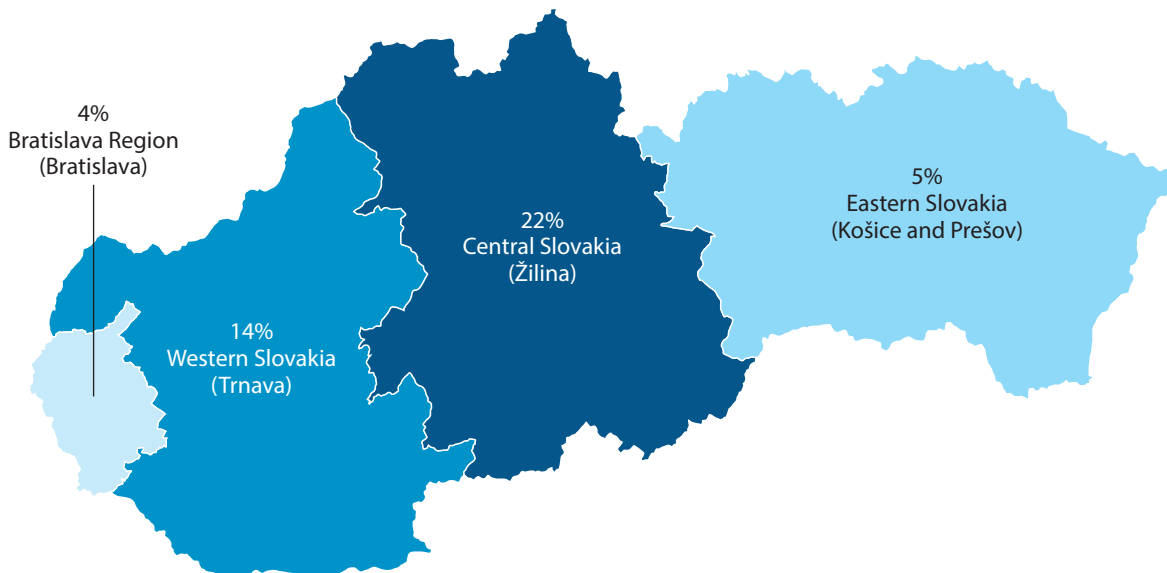
In 2022, entrepreneurs in the Slovak Republic experienced an average of 0.50 interruptions, each lasting an average of more than two hours. Bratislava and Trnava had the least frequent interruptions, with an average of 0.26 interruptions lasting less than one hour on average, while Žilina recorded the highest frequency and longest duration of outages: 0.84 interruptions, each lasting over four hours. According to data from World Bank Enterprise Surveys, the share of firms owning generators varies. The highest percentage (22 percent) is in the Central region, which contains Žilina, and the lowest percentage is in the Bratislava region (4 percent) (map 2).

Water¹⁹

The regulatory framework for water utility services²⁰ in the Slovak Republic ensures the efficient deployment of water connections and the quality of the supply. Regulations cover infrastructure sharing, sustainable wastewater practices, and environmental sustainability. Requirements for the professional qualification for those operating water installations, inspection regimes, and liability standards are established by law. The regulatory framework also includes sustainable wastewater practices, rules on wastewater reuse, tariff monitoring, and the quality of the water service, supporting a stable and sustainable water-supply system across the country. Additionally, it establishes financial deterrence mechanisms to limit supply interruptions. However, joint planning and construction policies, such as “dig once” initiatives, and deterrence mechanisms to ensure compliance with water-saving practices are not in place.

Public services and transparency in the Slovak Republic’s water sector vary slightly by location. Bratislava and Žilina offer more advanced digital services, including online appli-

Map 2. Share of Firms That Own or Share a Generator, by Region



Source: World Bank Enterprise Surveys 2023

¹⁹ See section 4.2, “Utility Services in Detail—Water,” for more information on the topic, the country-specific context, and a detailed assessment of the data.

²⁰ Water Act No. 364/2004, <https://faolex.fao.org/docs/pdf/slo182215.pdf>

cations for new connections and platforms with information about planned work on utility networks. All cities provide electronic payment options for connection fees, but none permits the status of applications to be tracked online.

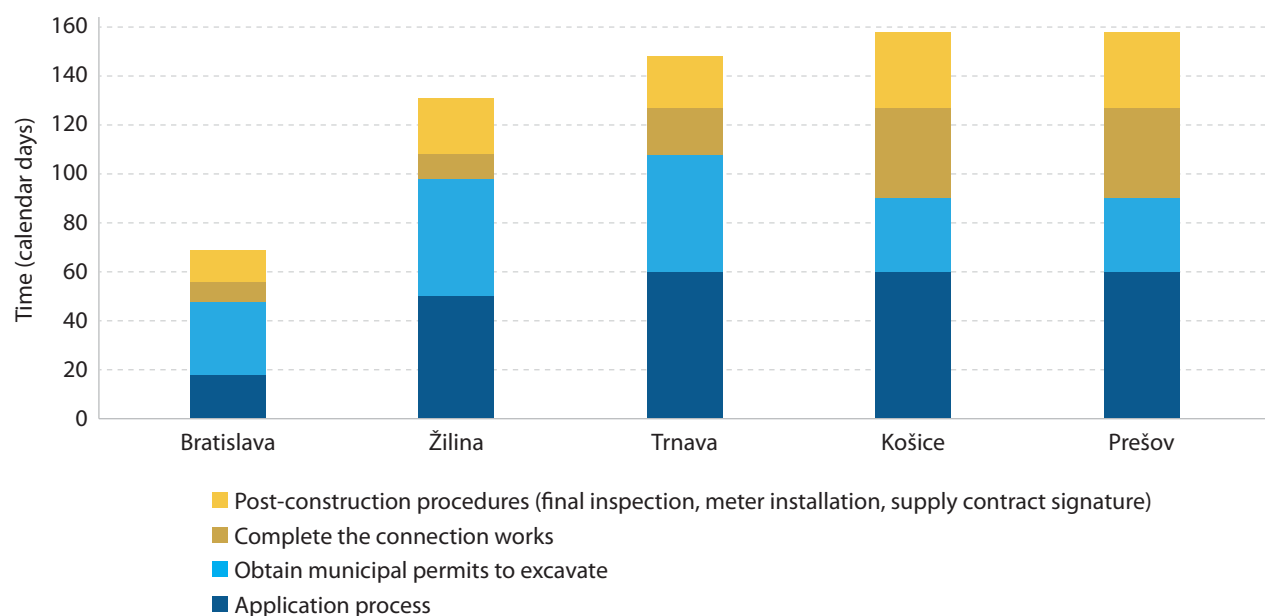
Throughout the country, key performance indicators for monitoring the quality and reliability of the water supply and the environmental sustainability of services are available online. Public announcements of planned outages and information on tariffs and connection requirements enhance transparency. However, shared databases for network lines of multiple utilities and coordinated excavation permits are lacking, which could improve service delivery.

The efficiency with which water connections can be obtained in the Slovak Republic varies significantly across cities. In Bratislava, the process is fastest, taking approximately 69 days, while in Košice and Prešov, it takes about 158 days (figure 15). In Bratislava, customers wait less than 20 days for a reply on their application and eight days for the connection work. In contrast, processing applications takes 50 days in Žilina and two months in Košice, Prešov, and Trnava, while the connection work takes up to 37 days, as in Košice and Prešov. This variation is due to the availability of utility teams to perform the work, rather than

the duration of the actual connection. The time to obtain an excavation permit from the municipality also varies: it takes about a month in Bratislava, Košice, and Prešov and 48 days in Trnava and Žilina. The final steps, from completing the work to water flowing, take approximately two weeks in Bratislava, three weeks in Trnava and Žilina, and a month in Košice and Prešov, influenced by the efficiency of the utility and the availability of technicians. The cost of obtaining a water connection as considered by this study is EUR 7,690, equal to 44.1 percent of income per capita.²¹

Most firms across Slovak regions experience either minor instances of water-supply insufficiency or none. In the Bratislava and Central regions (where Bratislava and Žilina are located), no firms reported experiencing service interruptions, while in the Western (Trnava) and Eastern regions (Košice and Prešov), 2 percent of firms reported suffering such instances (map 3).

Figure 15. Time to Obtain a Water Connection, by City and Stage



Source: Subnational Business Ready

²¹ The Slovak Republic's 2021 GNI per capita is EUR 17,451.

Map 3. Share of Firms That Report Having Suffered Insufficiency in Their Water Supply, by Region



Source: World Bank Enterprise Surveys 2023

Internet²²

In line with international good practices, the Slovak Republic's Regulatory Authority for Electronic Communications and Postal Services (RÚ) oversees wholesale connectivity tariffs and can initiate investigations into anticompetitive practices. The regulatory framework includes provisions for joint planning and construction, such as "dig once" policies, and mandates infrastructure sharing among operators. Legal provisions guarantee equal access to government-owned infrastructure and establish rights of way for digital infrastructure service providers. The regulatory framework also includes financial deterrence and incentive mechanisms aimed at limiting internet service outages or slowdowns.

Liability and compensation rights for personal data protection breaches are mandated, with clear reporting provisions for data incidents. The regulator is responsible for national cybersecurity coordination, conducting risk assessments, audits, and training to enforce cybersecurity laws. However, it does not set performance standards to ensure service quality and the reliability of the internet. National targets for emissions or the energy efficiency of electronic communication networks and data infrastruc-

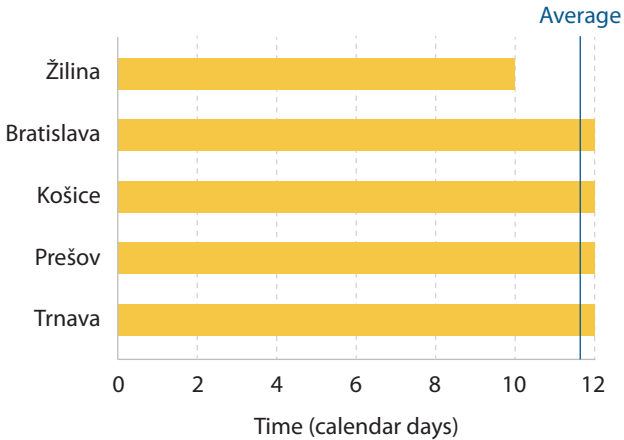
ture, such as power usage effectiveness, renewable energy usage, or coefficient of performance (COP), are also missing.

Customers throughout the Slovak Republic can apply online for a new internet connection and make the related payments electronically. Planned outages are announced publicly, as well as key performance indicators, connection requirements, and tariff information. Complaint mechanisms are well established, providing clear guidance for customers to resolve issues. The Slovak Republic does not yet have mechanisms in place to coordinate obtaining excavation permits across different utilities (for example, with the water services or the electricity distributor). Additionally, stipulated standards for connection times are not published online. The time needed to obtain internet connections in the Slovak Republic is standardized. According to the findings of this study, it takes 10 days in Žilina and 12 days in the other cities (figure 16).

Overall, 14 percent of Slovak firms reported experiencing internet disruptions, although this figure varies by region (map 4). While only 9 percent of businesses in the capital region of Bratislava reported experiencing disruptions, 22 percent of businesses in the Western region (including Trnava) experienced interruptions.

²² See section 4.3, "Utility Services in Detail—Internet," for more information on the topic, the country-specific context, and a detailed assessment of the data.

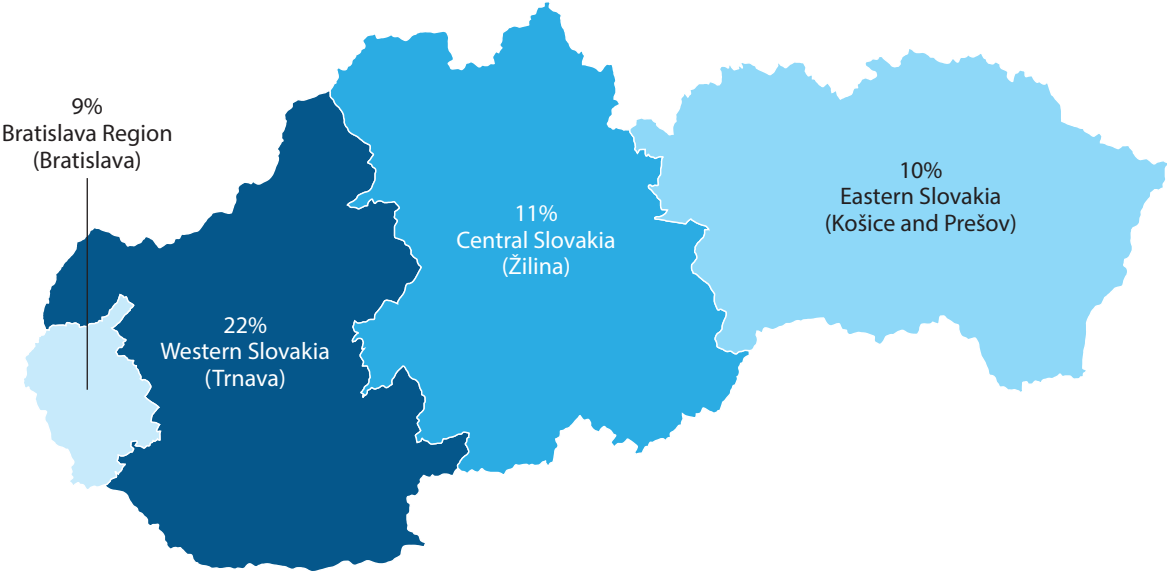
Figure 16. Time to Get an Internet Connection, by City



Source: World Bank Enterprise Surveys 2023

Table 4 provides a detailed overview—by pillar, category, and subcategory—of the Slovak cities’ performance on the Utility Services topic. The topic includes three subtopics: electricity, water, and internet, which are detailed below. The column with the rescaled points indicates the total maximum points a city can get on each of the measured areas. For example, under Pillar I (Quality of Regulations on Utility Services), category 1.1 (Electricity), subcategories 1.1.1 (Regulatory Monitoring of Tariffs and Service Quality), and 1.1.2 (Utility Infrastructure Sharing and Quality Assurance Mechanisms), none of the five cities receives the total possible maximum of 8.3 points. Conversely, the cities receive the maximum number of points (8.3) on the other two subcategories: 1.1.3 (Safety of Utility Connections), and 1.1.4 (Environmental Sustainability). Most cross-city variability is observed under Pillar III.

Map 4. Share of Firms Experiencing Internet Shortage, by Region



Source: World Bank Enterprise Surveys 2023

Table 4. Utility Services Scores

		No. of indicators	Re-scaled points	Bratislava	Košice	Prešov	Trnava	Žilina
Pillar I – Quality of Regulations on Utility Services								
1.1	Electricity	10	33.3	31.3	31.3	31.3	31.3	31.3
1.1.1	Regulatory Monitoring of Tariffs and Service Quality	2	8.3	8.3	8.3	8.3	8.3	8.3
1.1.2	Utility Infrastructure Sharing and Quality Assurance Mechanisms	2	8.3	6.3	6.3	6.3	6.3	6.3
1.1.3	Safety of Utility Connections	3	8.3	8.3	8.3	8.3	8.3	8.3
1.1.4	Environmental Sustainability	3	8.3	8.3	8.3	8.3	8.3	8.3
1.2	Water	12	33.3	28.8	28.8	28.8	28.8	28.8
1.2.1	Regulatory Monitoring of Tariffs and Service Quality	2	8.3	8.3	8.3	8.3	8.3	8.3
1.2.2	Utility Infrastructure Sharing and Quality Assurance Mechanisms	2	8.3	6.3	6.3	6.3	6.3	6.3
1.2.3	Safety of Utility Connections	3	8.3	8.3	8.3	8.3	8.3	8.3
1.2.4	Environmental Sustainability	5	8.3	5.9	5.9	5.9	5.9	5.9
1.3	Internet	11	33.3	29.6	29.6	29.6	29.6	29.6
1.3.1	Regulatory Monitoring of Tariffs and Service Quality	2	8.3	6.3	6.3	6.3	6.3	6.3
1.3.2	Utility Infrastructure Sharing and Quality Assurance Mechanisms	4	13.3	13.3	13.3	13.3	13.3	13.3
1.3.3	Safety of Utility Connections	3	8.3	8.3	8.3	8.3	8.3	8.3
1.3.4	Environmental Sustainability	2	3.3	1.7	1.7	1.7	1.7	1.7
	Total	33	100	89.7	89.7	89.7	89.7	89.7
Pillar II – Quality of the Governance and Transparency of Utility Services								
2.1	Electricity	15	33.3	25.5	25.5	25.5	25.5	25.5
2.1.1	Digital Services and Interoperability	4	8.3	6.3	6.3	6.3	6.3	6.3
2.1.2	Availability of Information and Transparency	6	8.3	7.6	7.6	7.6	7.6	7.6
2.1.3	Monitoring of Service Supply (includes gender and environment)	3	8.3	3.3	3.3	3.3	3.3	3.3
2.1.4	Enforcement of Safety Regulations and Consumer Protection Mechanisms	2	8.3	8.3	8.3	8.3	8.3	8.3
2.2	Water	15	33.3	26.9	24.8	24.8	23.8	26.9
2.2.1	Digital Services and Interoperability	4	8.3	5.2	3.1	3.1	2.1	5.2
2.2.2	Availability of Information and Transparency	6	8.3	8.3	8.3	8.3	8.3	8.3
2.2.3	Monitoring of Service Supply (includes gender and environment)	3	8.3	5.0	5.0	5.0	5.0	5.0
2.2.4	Enforcement of Safety Regulations and Consumer Protection Mechanisms	2	8.3	8.3	8.3	8.3	8.3	8.3
2.3	Internet	13	33.3	26.7	26.7	26.7	26.7	26.7
2.3.1	Digital Services and Interoperability	4	8.3	6.3	6.3	6.3	6.3	6.3
2.3.2	Availability of Information and Transparency	5	8.3	7.9	7.9	7.9	7.9	7.9
2.3.3	Monitoring of Service Supply (includes gender and environment)	2	8.3	4.2	4.2	4.2	4.2	4.2
2.3.4	Enforcement of Safety Regulations and Consumer Protection Mechanisms	2	8.3	8.3	8.3	8.3	8.3	8.3
	Total	43	100	79.0	77.0	77.0	75.9	79.0

Table 4. Utility Services Scores

		No. of indicators	Re-scaled points	Bratislava	Košice	Prešov	Trnava	Žilina
Pillar III – Operational Efficiency of Utility Service Provision								
3.1	Electricity	5	33.3	29.9	29.4	29.4	29.7	31.4
3.1.1	Time to obtain a connection	1	16.7	13.3	12.8	12.8	13.3	15.7
3.1.2	Reliability of supply	4	16.7	16.6	16.6	16.6	16.4	15.7
3.2	Water	2	33.3	26.8	16.5	16.5	16.7	17.3
3.2.1	Time to obtain a connection	1	16.7	10.2	0.0	0.0	0.2	0.7
3.2.2	Reliability of supply	1	16.7	16.7	16.5	16.5	16.5	16.7
3.3	Internet	2	33.3	16.5	16.5	16.5	15.2	16.5
3.3.1	Time to obtain a connection	1	16.7	0.0	0.0	0.0	0.0	0.0
3.3.2	Reliability of supply	1	16.7	16.5	16.5	16.5	15.2	16.5
Total		9	100	73.2	62.4	62.4	61.5	65.2

Source: Subnational Business Ready

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



1.6 Dispute Resolution²³

In the Slovak Republic, the regulatory framework²⁴ and public services for dispute resolution are uniform nationwide. A judicial reform in 2023 established specialized commercial divisions in first-instance courts in Košice, Prešov, Trnava, and Žilina, as well as a separate commercial court in Bratislava. Variations across cities are seen mainly in the time required to resolve commercial disputes. In larger cities, such as Bratislava, where case volumes are higher, it takes almost 40 months to complete first-instance and appellate proceedings. By contrast, smaller cities, such as Prešov, complete these proceedings in 23 months. This difference is due to delays in scheduling the first hearing after the initial complaint is made and additional delays if hearings are postponed. Costs, on the other hand, are largely uniform across cities, with small variations attributed mainly to discrepancies in attorneys' fees.

In terms of judicial integrity, judges are required to recuse themselves and disclose assets publicly, since codes of ethics for judges and enforcement agents are in place. Nevertheless, there is still some room for improvement in procedural certainty, as the maximum number of adjournments has yet to be regulated and laws do not stipulate time standards for serving the defendant, filing a statement of defense, or issuing an expert opinion. Additionally, in the area of ADR mechanisms, provisions for the arbitrability of immovable property disputes and the third-party funding in investor-state arbitration have yet to be introduced. The same goes for specific rules on the recognition and enforcement of international me-

diation settlement agreements that do not have court approval.

The digitalization of public services is homogenized; judges are equipped with most of the necessary platforms in accordance with international good practices. For example, courts across all cities measured are connected to the national electronic platform for filing claims and statements of defense through a standardized digital form. Service of the initial complaint is conducted via a specialized electronic portal, where each legal entity and natural person has an automatically created electronic mailbox for receiving service of documents. Moreover, a separate electronic platform provides parties with access to documents and information related to their cases. Transparency and public access are enhanced through the publication of judgments of all courts across all levels, from first instance to appellate. However, the absence of e-auctions and virtual hearings hampers complete digitalization of the courts, as do the lack of digital services for arbitration and the absence of available statistics on mediation.

According to data from World Bank Enterprise Surveys, 13 percent of Slovak firms do not find the courts to be independent and impartial, and only 10 percent do not find them to be a constraint to business operations. The region where firms find the courts to be least independent and impartial is the Eastern region (including Košice and Prešov), at just above 20 percent. Firms in the Bratislava Region are least likely not to find the courts to be independent and

²³ See section 5, "Dispute Resolution in Detail," for more information on the topic, the country-specific context, and a detailed assessment of the data.

²⁴ The main legal instruments regulating dispute resolution in the Slovak Republic are Act No. 16/2015 Coll. Civil Dispute Code, Act No. 233/1995 Coll. on Enforcement Agents, and Act No. 244/2002 Coll. on Arbitration.

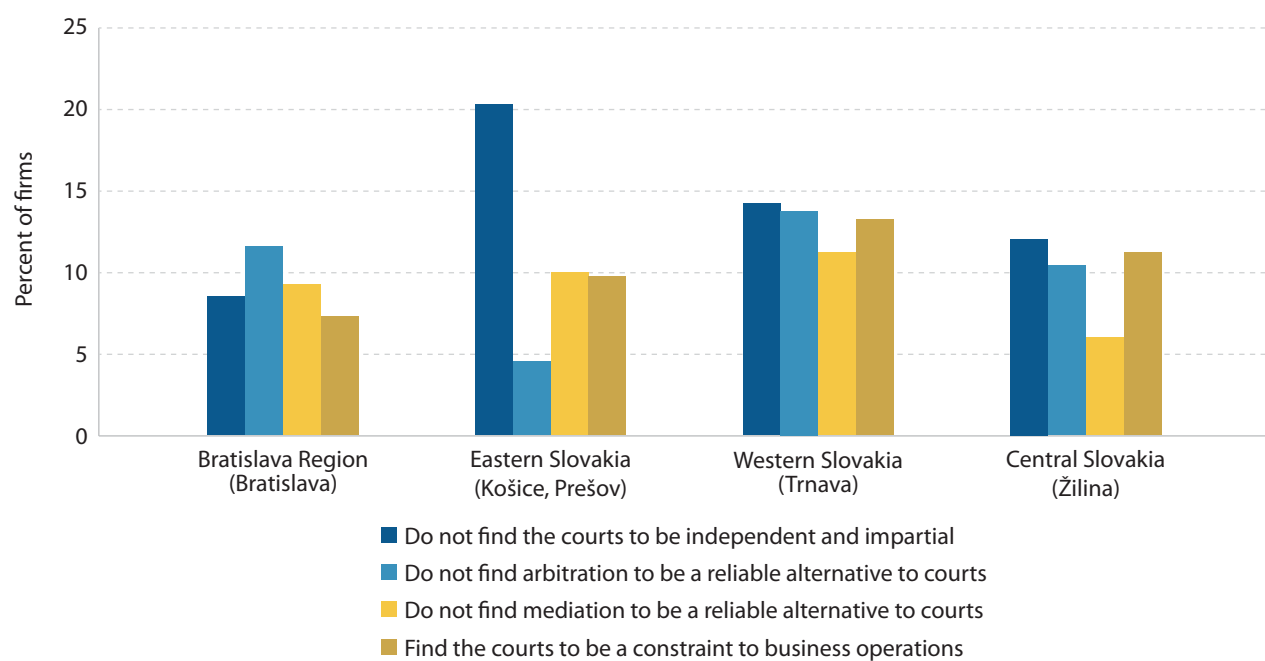
impartial, at 9 percent (figure 17). Also, only 11 percent and 9 percent of firms, respectively, do not find arbitration and mediation to be reliable alternatives. The Western region (including Trnava) has the most negative perception of the ADR mechanisms: 14 percent and 11 percent of firms, respectively, do not find arbitration and mediation to be reliable alternatives to courts.

The most prevalent discrepancy between cities in the Slovak Republic is the duration of commercial litigation, with Bratislava standing out for its extended timeframes in resolving cases (figure 18). For instance, it takes nearly 40 months to complete a commercial litigation case in Bratislava, whereas the court in Prešov takes only 23 months. The variation is even more pronounced in specific procedural steps. Bratislava requires 20 months to complete cases at first instance, while Košice, Prešov, and Žilina take only 12 months each. Bratislava further requires almost nine months from the service of initial complaint to first hearing, compared to just four months in Košice and Žilina. Furthermore, the interval between hearings is 160 days in Bratislava but only 60 in Žilina. This is attributed to Bratislava’s handling, as the most economically developed city, the highest volume of commercial cases. In 2022,

Bratislava received 3,753 new commercial cases, a significantly higher figure than Žilina, which had only 644 new commercial cases. Consequently, Bratislava also has the highest number of unresolved cases per judge, with 449, compared to Košice’s 138, and it has the lowest clearance rate, 68 percent, whereas Žilina’s and Košice’s clearance rates are 143 percent and 121 percent, respectively.

Conversely, the costs for court litigation vary slightly between cities, as they are centrally regulated and range between 16.5 percent of the claim value in Košice and Trnava to 17.5 percent in Prešov.²⁵ Court fees are fixed at 6 percent of the claim value for both the first-instance and appellate levels. However, there are minor differences in attorney fees. In Bratislava, Košice, Trnava, and Žilina, lawyers charge 3.5 percent of the claim value at the first instance, whereas in Prešov they charge 4 percent. This variation can be attributed to Prešov’s lawyers counting and charging slightly more procedural steps than lawyers in other cities. At the appellate level, attorneys’ fees are 1 percent in Košice and Trnava, 1.25 percent in Žilina, and 1.5 percent in Bratislava and Prešov, reflecting further small differences in the total costs for commercial litigation across the Slovak Republic.

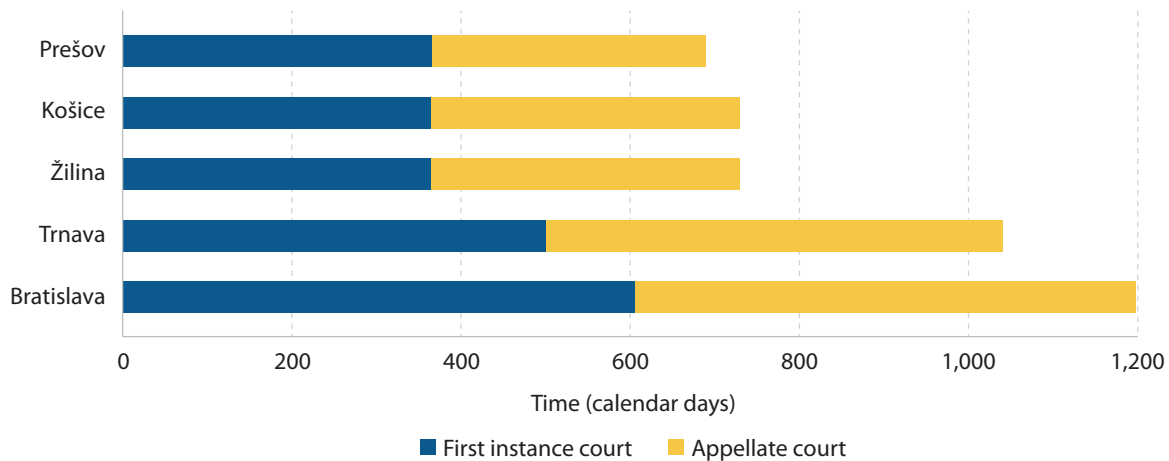
Figure 17. Perception of Courts and ADR Mechanisms, by Region and Type



Source: World Bank Enterprise Surveys 2023

²⁵ For a claim value of EUR 349,020, equal to 20 times the 2021 GNI per capita. The Slovak Republic’s 2021 GNI per capita is EUR 17,451.

Figure 18. Days to Resolve Commercial Disputes through Court Litigation, by City



Source: Subnational Business Ready

Similarly, the duration of, and costs for, enforcing commercial decisions exhibit slight variations across different cities. Enforcement takes 45 days in Košice and Prešov, 53 days in Bratislava and Trnava, and 56 days in Žilina; the differences arise from the time required to complete the individual procedural steps. Major delays result primarily from the delay tactics employed by debtors, who file unsuccessful requests to suspend enforcement, as well as commercial banks' tardiness in transferring seized assets to enforcement agents. Costs are similarly constant, with a fixed fee to file the enforcement request of 0.004 percent. However, this fee is paid out of the debtor's seized bank funds and not calculated toward the enforcement costs, which consist of attorneys' fees. In Prešov, lawyers charge 1 percent for enforcement, more than the 0.75 percent charged in the other cities, due to an additional procedural step counted and charged by lawyers in Prešov's enforcement process.

Table 5 provides a detailed overview—by pillar, category, and subcategory—of the Slovak cities' performance on the Dispute Resolution topic. The column with the rescaled points indicates the total maximum points a city can get on each of the measured areas. For example, none of the measured cities receives the total possible maximum score of 40 points under Pillar I (Quality of Regulations for Dispute Resolution), category 1.1 (Court Litigation), subcategory 1.1.1 (Procedural Certainty), which includes environmental disputes. In fact, none of the cities receives a maximum score on any of the subcategories of the Dispute Resolution topic, although some cities score very close to the upper ceiling.

Table 5. Dispute Resolution Scores

	No. of indicators	Re-scaled points	Bratislava	Košice	Prešov	Trnava	Žilina
Pillar I – Quality of Regulations for Dispute Resolution							
1.1 Court Litigation	14	66.67	55.1	55.1	55.1	55.1	55.1
1.1.1 Procedural Predictability (includes environment)	9	40	28.4	28.4	28.4	28.4	28.4
1.1.2 Judicial Integrity (includes gender)	5	26.67	26.7	26.7	26.7	26.7	26.7
1.2 Alternative Dispute Resolution (ADR)	10	33.33	24.3	24.3	24.3	24.3	24.3
1.2.1 Legal Safeguards in Arbitration	6	16.67	13.9	13.9	13.9	13.9	13.9
1.2.2 Legal Safeguards in Mediation	4	16.67	10.4	10.4	10.4	10.4	10.4
Total	24	100	79.4	79.4	79.4	79.4	79.4
Pillar II – Public Services for Dispute Resolution							
2.1 Court Litigation	19	66.67	52.9	52.9	52.9	52.9	52.9
2.1.1 Organizational Structure of Courts	4	22.22	20.4	20.4	20.4	20.4	20.4
2.1.2 Digitalization of Court Processes	8	22.22	16.7	16.7	16.7	16.7	16.7
2.1.3 Transparency of Courts (includes gender)	7	22.22	15.9	15.9	15.9	15.9	15.9
2.2 Alternative Dispute Resolution (ADR)	9	33.33	24.4	24.4	24.4	24.4	24.4
2.2.1 Public Services for Arbitration (includes gender)	4	16.67	11.1	11.1	11.1	11.1	11.1
2.2.2 Public Services for Mediation (includes gender)	5	16.67	13.3	13.3	13.3	13.3	13.3
Total	28	100	77.4	77.4	77.4	77.4	77.4
Pillar III – Ease of Resolving a Commercial Dispute							
3.1 Court Litigation	8	66.67	54.7	61.0	61.1	55.8	61.7
3.1.1 Reliability of Courts	2	26.67	26.3	24.8	24.8	25.1	25.7
3.1.2 Operational Efficiency of Court Processes	6	40	28.4	36.2	36.3	30.8	36.0
3.2 Alternative Dispute Resolution (ADR)	6	33.33	32.1	32.4	32.0	31.3	30.6
3.2.1 Reliability of ADR	2	13.33	12.9	13.1	13.1	12.2	13.1
3.2.2 Operational Efficiency of Arbitration Processes	4	20	19.3	19.3	19.0	19.1	17.5
Total	14	100	86.8	93.3	93.1	87.1	92.3

Source: Subnational Business Ready

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



1.7 Business Insolvency²⁶

In the Slovak Republic, the uniform regulatory²⁷ and public services framework for business insolvency incorporates international good practices, including out-of-court restructuring and automatic stay of proceedings, which enhance the system's efficiency and fairness. Additionally, judges specialized in insolvency are found within the commercial courts measured, which further enhances the efficiency of the insolvency process, while digitalized services provide for more transparent proceedings. Variations occur, however, in the duration and costs of liquidation and reorganization proceedings. Prešov excels in handling insolvency cases efficiently, reportedly attributed to a reduced backlog given a limited number of cases, supported by sufficient judicial and administrative resources, while courts in Bratislava and Žilina, with more backlog, experience longer durations and higher costs. Additionally, the lack of complete digitalization impedes insolvency processes, while gaps in the regulatory framework affect reorganization efforts and create compliance challenges to timely bankruptcy filings, further hindering the resolution of insolvent companies.

The Slovak Republic has implemented a robust judicial framework for managing business insolvency, featuring specialized insolvency subdivisions within commercial courts. Judges and insolvency administrators furthermore receive ongoing education that ensures that insolvency

cases are handled with the adequate expertise. This framework is further supported by digital platforms: one for e-filing and case tracking for all parties involved, and another, an electronic file system, for recording all documents, submissions, and proposals submitted to or issued by the court. However, the absence of the ability to hold e-auctions reduces overall efficiency, and the lack of virtual hearings limits accessibility across all relevant cities. Additionally, online creditors' meetings are available only in Žilina; this slows proceedings in other cities. Despite these challenges, the economy has also adopted several best practices in the public availability of information, such as publishing insolvency data in an Insolvency Registry, referring to documents related to insolvency in the Commercial Bulletin, and reporting statistics, judgments, and a list of insolvency administrators. Nevertheless, a gap remains in the integration between the court system and external systems, affecting interoperability between the judiciary and external authorities.

Differences in case complexity and the allocation of judicial resources affect the duration of liquidation and reorganization proceedings across the cities measured. For instance, liquidation proceedings take the longest in Žilina, 39 months, largely because of the type of cases, which tend to be highly sophisticated, related to the city's role as a strategic transport hub and center for the automotive

²⁶ See section 6, "Business Insolvency in Detail," for more information on the topic, the country-specific context, and a detailed assessment of the data.

²⁷ The major pieces of legislation on insolvency (Act No. 7/2005 Coll. on bankruptcy and reorganization, as amended, Act No. 8/2005 Coll. on insolvency administrators, as amended, Act No. 111/2022 Coll. on solving impeding bankruptcy, as amended, and Decree No. 655/2005 Coll. of the Ministry of Justice of the Slovak Republic implementing certain provision of Act No. 7/2005 Coll. on bankruptcy and reorganization, as amended) regulated nationwide liquidation and reorganization proceedings and incorporated in the Slovak system major changes driven by EU directives on insolvency and preventive instruments.

industry, with substantial investments and diverse business activities. Despite staffing challenges, which should be addressed properly to serve the needs of such a business hub, the court of Žilina is trying to tackle the backlog by boosting its adoption of digital tools, as done with the online creditors' meetings, as well as with continuous specialized trainings, which represent a good practice at a national level.

By contrast, Prešov completes liquidations in 24 months, benefiting from a relatively low number of cases, compared to most Slovak courts, and sufficient judicial and administrative resources (311 cases pending on December 31, 2022, compared to 1,031 cases in Bratislava and 360 cases in Žilina).²⁸ Liquidation takes 30 months in Bratislava, Košice, and Trnava, reflecting a uniform duration of the proceedings across the main economic centers of the Slovak Republic.

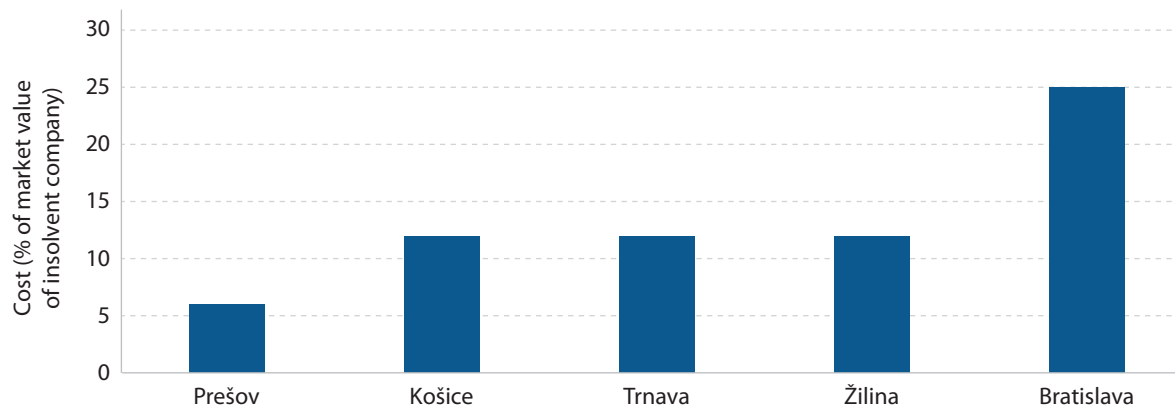
As for reorganization, Prešov completes the process in 11 months, again owing to efficient local courts. On the other hand, Bratislava, Košice, and Žilina require 20 months, exhibiting the standard duration in the country and highlighting the impact of digitalization challenges, insufficient judicial staffing, and high judge turnover, which is particularly pronounced in Bratislava. The low numbers of reorganization requests across the country are remarkable. Statistics indicate that in 2022 only seven were filed in

Bratislava; six each were filed in Košice, Prešov, and Žilina, and four were filed in Trnava.²⁹ This is attributed to the high creditor satisfaction requirement in reorganization proceedings, where unsecured creditors must receive at least 50 percent of their claims, leading to fewer reorganization attempts.

The costs of insolvency proceedings also show discrepancies across cities (figure 19). For liquidation, even though there are no court fees to initiate proceedings or register claims, costs range from 25 percent of the market value of the insolvent company in Bratislava to 6 percent in Prešov.³⁰ These costs include fixed advance payments to preliminary insolvency administrators. The higher costs in Bratislava are due to the complexity of cases involving firms with larger assets and higher lawyers' fees. In Prešov, which is dominated by small and medium-sized enterprises and has significantly fewer cases, costs are also significantly lower. For reorganization, costs include fixed national-level fees for insolvency administrators, with an initial fee of EUR 10,000 and ongoing monthly charges based on the estate's value. Costs therefore range from 15 percent of the value of the company in Bratislava, due to its status as a major economic hub with substantial legal representative fees, to 7.5 percent in Prešov.

Table 6 provides a detailed overview—by pillar, category, and subcategory—of the Slovak cities' performance

Figure 19. Costs of Liquidation Proceedings, by City



Source: Subnational Business Ready

²⁸ Slovak Republic, Ministry of Justice (2022). Other relevant statistics are available at <https://ru.justice.sk/ru-verejnost-web/pages/statistiky/konaniaNaJednotlivychSudoch.xhtml>

²⁹ Slovak Republic, Ministry of Justice (2022), note 18.

³⁰ For an insolvent's company market value of EUR 2,617,650, equal to 150 times the 2021 GNI per capita. The Slovak Republic's 2021 GNI per capita is EUR 17,451.

on the Business Insolvency topic. The column with the rescaled points indicates the total maximum points a city can get on each of the measured areas. For example, none of the cities receives the total possible maximum score of 15 points on Pillar I (Quality of Regulations for Judicial Insolvency Proceedings), category 1.1 (Legal and Procedural Standards in Insolvency Proceedings), subcategory 1.1.1 (Precommencement and Commencement

Standards in Liquidation and Reorganization). Conversely, all cities receive the maximum points, 20 and 10, respectively, under category 1.2 (Debtor's Assets and Creditor's Participation in Insolvency Proceedings), subcategories 1.2.2 (Creditor's Rights in Liquidation and Reorganization (Includes Environment)), and 1.2.3 (Selection and Dismissal of the Insolvency Administrator). Most cross-city variability is observed under Pillar III.

Table 6. Business Insolvency Scores

	No. of indicators	Re-scaled points	Bratislava	Košice	Prešov	Trnava	Žilina	
Pillar I – Quality of Regulations for Judicial Insolvency Proceedings								
1.1	Legal and Procedural Standards in Insolvency Proceedings	10	30	27.0	27.0	27.0	27.0	27.0
1.1.1	Pre-Commencement and Commencement Standards in Liquidation and Reorganization	5	15	15.0	15.0	15.0	15.0	15.0
1.1.2	Post-Commencement Standards in Liquidation and Reorganization	5	15	12.0	12.0	12.0	12.0	12.0
1.2	Debtor's Assets and Creditor's Participation in Insolvency Proceedings	14	50	33.6	33.6	33.6	33.6	33.6
1.2.1	Treatment and Protection of Debtor's Assets during Liquidation and Reorganization (includes environment)	6	20	8.0	8.0	8.0	8.0	8.0
1.2.2	Creditor's Rights in Liquidation and Reorganization (includes environment)	5	20	15.6	15.6	15.6	15.6	15.6
1.2.3	Selection and Dismissal of the Insolvency Administrator	3	10	10.0	10.0	10.0	10.0	10.0
1.3	Specialized Insolvency Proceedings and International Insolvency	5	20	16.7	16.7	16.7	16.7	16.7
1.3.1	Specialized Insolvency Proceedings for Micro and Small Enterprises (MSEs)	3	10	6.7	6.7	6.7	6.7	6.7
1.3.2	Cross-Border Insolvency	2	10	10.0	10.0	10.0	10.0	10.0
	Total	29	100	77.2	77.2	77.2	77.2	77.2
Pillar II – Quality of Institutional and Operational Infrastructure for Judicial Insolvency Proceedings								
2.1	Digital Services (e-Courts) in Insolvency Proceedings	7	40	30.0	30.0	30.0	30.0	30.0
2.1.1	Electronic Services in Liquidation and Reorganization	4	20	10.0	10.0	10.0	10.0	10.0
2.1.2	Electronic Case Management Systems in Liquidation and Reorganization	3	20	20.0	20.0	20.0	20.0	20.0
2.2	Interoperability in Insolvency Proceedings	2	20	10.0	10.0	10.0	10.0	10.0
2.2.1	Digital Services Connectivity with External Systems in Liquidation and Reorganization	1	10	0.0	0.0	0.0	0.0	0.0
2.2.2	Interconnection between e-Case Management System and e-Filing Systems in Liquidation and Reorganization	1	10	10.0	10.0	10.0	10.0	10.0
2.3	Public Information on Insolvency Proceedings and Registry of Insolvency Practitioners	5	20	20.0	20.0	20.0	20.0	20.0
2.3.1	Public Information on the Number and Length of Liquidation and Reorganization, and Insolvency Judgments	3	10	10.0	10.0	10.0	10.0	10.0
2.3.2	Availability of a Public Registry of Insolvency Practitioners	2	10	10.0	10.0	10.0	10.0	10.0

Table 6. Business Insolvency Scores

		No. of indicators	Re-scaled points	Bratislava	Košice	Prešov	Trnava	Žilina
2.4	Public Officials and Insolvency Administrators	3	20	20.0	20.0	20.0	20.0	20.0
2.4.1	Specialization of Courts with Jurisdiction on Reorganization and Liquidation Proceedings	2	10	10.0	10.0	10.0	10.0	10.0
2.4.2	Insolvency Administrator's Expertise in Practice	1	10	10.0	10.0	10.0	10.0	10.0
	Total	17	100	80.0	80.0	80.0	80.0	80.0
Pillar III – Operational Efficiency of Resolving Judicial Insolvency Proceedings								
3.1	Liquidation Proceedings	2	50	13.8	31.8	44.3	31.8	21.8
3.1.1	Time to Resolve a Liquidation Proceeding	1	25	12.5	12.5	20.0	12.5	2.5
3.1.2	Cost to Resolve a Liquidation Proceeding	1	25	1.3	19.3	24.3	19.3	19.3
3.2	Reorganization Proceedings	2	50	17.5	29.5	45.0	37.5	29.5
3.2.1	Time to Resolve a Reorganization Proceeding	1	25	14.3	14.3	24.0	22.3	14.3
3.2.2	Cost to Resolve a Reorganization Proceeding	1	25	3.3	15.3	21.0	15.3	15.3
	Total	4	100	31.3	61.3	89.3	69.3	51.3

Source: Subnational Business Ready

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



2. Business Entry in Detail





Business Entry in the Slovak Republic



Pillar I: Regulatory Framework

Score
(all cities): **86.7/100**



Pillar II: Public Services

Score
(all cities): **78.5/100**



Pillar III: Operational Efficiency

Time (days):
10.5 (Trnava) to
20.5 (Bratislava)

Cost (% of income
per capita*): **1.0%**

Score
(all cities): **97** to **99.5/100**
Bratislava Trnava

*The Slovak Republic's 2021 GNI per capita is EUR 17,451

Main findings

- The process of opening a new business in the Slovak Republic is harmonized in the five cities assessed in terms of requirements and cost. However, the time to complete the process varies across cities, ranging from 10.5 days in Trnava to 20.5 days in Bratislava. The time taken to complete the registrations for income tax and VAT account for the variation.
- Entrepreneurs in the Slovak Republic benefit from business regulations that follow international good practices for registration requirements, simplified registration processes, and regulatory restrictions for business entry with some exceptions. For example, entrepreneurs are still required to present criminal history records or affidavits to register a company and they also need to obtain a general trade license.
- Similarly, the regulations continue to set a minimum capital requirement of EUR 5,000 for new LLCs—a requirement that has been removed or significantly reduced in other European Union countries.
- Public services for business registration facilitate the incorporation and start of operation processes. A one-stop shop for starting a new business allows entrepreneurs to apply for company registration, trade license, and income tax registration. Entrepreneurs can also conduct an online search to check the company name on the Commercial Registry website (www.orrs.sk).

Overall Business Entry score per city*



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



Business Entry in the Slovak Republic

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.³¹ 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.³²
- Simple registration processes, together with the use of online tools and low incorporation costs, encourage entrepreneurs to enter the economy.³³

³¹ Rand and Torm, 2012; Medvedev and Oviedo Silva, 2015; La Porta and Shleifer, 2014.

³² UNCITRAL, 2019; OECD and IDB, 2021; World Bank, 2020.

³³ Klapper, Lewin, and Quesada Delgado, 2011.

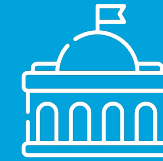
What does the Business Entry topic measure?



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 the Slovak Republic

Recent reforms and changes in the business entry process



Establishment of the beneficial ownership registry

The requirement to register information on beneficial ownership of legal entities was introduced through Act No. 52/2018 Coll. The Register of Legal Entities, Entrepreneurs, and Public Authorities (RPO) was created in 2018 for this purpose. The RPO is kept by the Statistical Office and contains data from the commercial register and the Register of Non-Governmental Non-Profit Organizations. It records the following beneficial ownership data: first name, surname, personal identification number or date of birth, address of permanent residence, nationality, and data that establish the status of ultimate beneficiary pursuant to the Anti-Money Laundering Act.



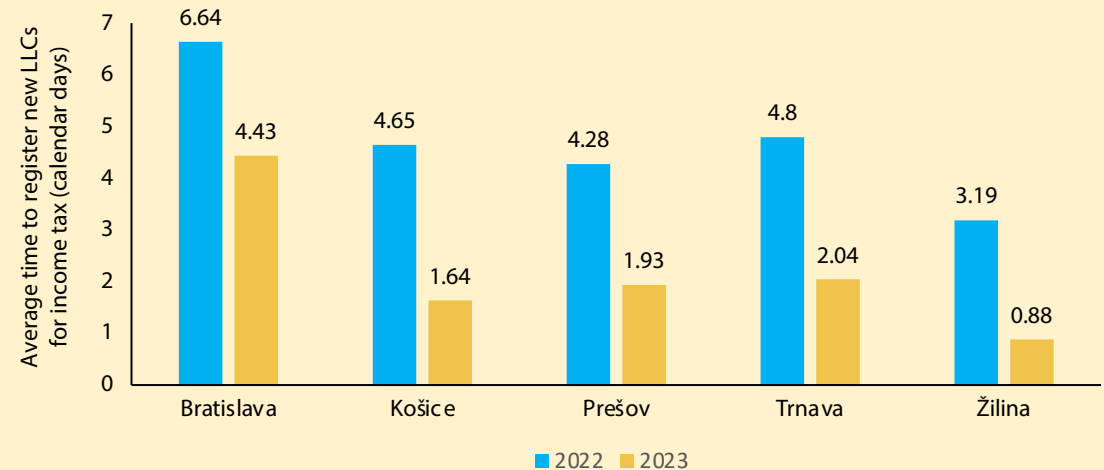
Elimination of the requirement to provide tax clearance to set up a new company

As of September 1, 2018, the commercial registry no longer requires a form stating any tax arrears of partners. Prior to this, entrepreneurs needed to obtain a clearance from the tax authority office. Now, the two agencies are interconnected, and the commercial register obtains the information from the tax authority directly, saving entrepreneurs one extra step.



Streamlining of the process to register new businesses for income tax

As of January 2023, entrepreneurs at the Commercial Register are no longer required to submit a separate application form for income tax registration at the time of applying for company registration. Instead, new companies are registered with the tax authority (Financial Administration) on the basis of the data received electronically from the Commercial Register. After the data is processed by the Financial Administration, the tax identification number is sent directly to the new business electronically. This change reduced the time to complete income tax registration across the five cities assessed. The time was reduced by two days in Bratislava, Prešov, and Žilina and three days in Košice and Trnava, when compared to the data from 2022.





Business Entry in the Slovak Republic

Relevant legislation and main stakeholders



Relevant laws and regulations in the Slovak Republic

- **Commercial Code (Act No. 513/1991 Coll.):** regulates the types of business, their establishment, operation, and dissolution; as well as matters related to corporate governance, business obligations, and commercial contracts.
- **Trade Licensing Act (Act No. 455/1991 Coll.):** establishes the classification of business activities and their licensing requirements.
- **Commercial Registry Act (Act No. 530/2003 Coll.):** regulates the obligations and processes regarding the entry of data in the Commercial Registry and its access.



Public institutions and services for business entry

- **Commercial Registry (*Obchodný register*):** public registry administered by the Ministry of Justice containing the information on legally registered establishments in the Slovak Republic.
- **Single Point of Contact (JKM):** one-stop shop for company registration at the Trade Licensing Offices under the Ministry of the Interior where entrepreneurs can apply for registration in the Commercial Registry, income tax registration, and trade license.
- **Financial Administration (*Finančná správa*):** agency responsible for the registration of businesses for income tax and VAT.



Business Entry in the Slovak Republic



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

Slovak Republic score (all cities): **86.7** out of 100 points

The Slovak Republic performs on par with international good practices in regulatory requirements on information and procedural standards for business entry. Limitations remain on the availability of simple standard registration for all types of companies.

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

6.7/10

Availability of simplified registration

- ✓ Possibility for all companies to make changes to company information without intermediaries
- ✓ Simple registration forms without the use of intermediaries (lawyers or notaries) are in place
- ✗ The use of simplified registration is limited to companies meeting specific conditions*

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

*According to the Commercial Code, some of the conditions to establish an LLC in a simplified manner include that the company doesn't have more than five partners, that the subject of the company is among those specified in the list of free trades as established by the regulation, that the contributions of the company's partners are exclusively monetary, and that the company does not have a supervisory board, among others.

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



Business Entry in the Slovak Republic



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

Slovak Republic score (all cities): **86.7** out of 100 points

The Slovak Republic follows good international practices in restrictions for business entry. However, additional requirements on criminal history or affidavits and general operating license are still present. In addition, regulations set a paid-in minimum capital requirement for new entrepreneurs.

Restrictions on registering a business

17.5/25

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
- ✓ Approval of business plan
- ✓ Restrictions for specific socio-demographic groups
- ✓ General ownership restrictions in certain economic sectors

However, there are restrictions in place, including:

- ✗ Requirement for entrepreneurs to present criminal history records or affidavits to register a business
- ✗ Requirement to obtain a general operating license for all types of businesses
- ✗ The law mandates a paid-in minimum capital of EUR 5,000 to open an LLC

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 paid-in minimum capital of EUR 5,000 to open an LLC (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 the Slovak Republic



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

Slovak Republic score (all cities): **78.5** out of 100 points

The Slovak Republic follows good practices in terms of the availability of electronic services for company information and the use of digital tools for company records.

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 are 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

5/10

Identity verification

- ✓ Electronic signature and authentication available
- ✗ No fully automated identity document verification process available

5/10

Exchange of company information

- ✓ There is exchange of information among public sector agencies
- ✗ Update of company information across agencies is not fully automated

10/10

Unique business identification

- ✓ Companies are assigned a unique business identification number (*Identifikačné číslo organizácie*), which is used by key public sector agencies

✓ Aspects in line with internationally recognized good practices ✗ Aspects in line with internationally recognized good practices



Business Entry in the Slovak Republic



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

Slovak Republic score (all cities): **78.5** out of 100 points

The Slovak Republic provides online access to information on the process to set up a business and the company records of registered businesses.

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

9.5/10

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
- ✗ Information is not available on physical or secondary addresses in addition to the legal address

5/10

General and sex- disaggregated statistics on newly registered firms

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

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



Business Entry in the Slovak Republic



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

Slovak Republic score: **97** to **99.5** out of 100 points
Bratislava Trnava

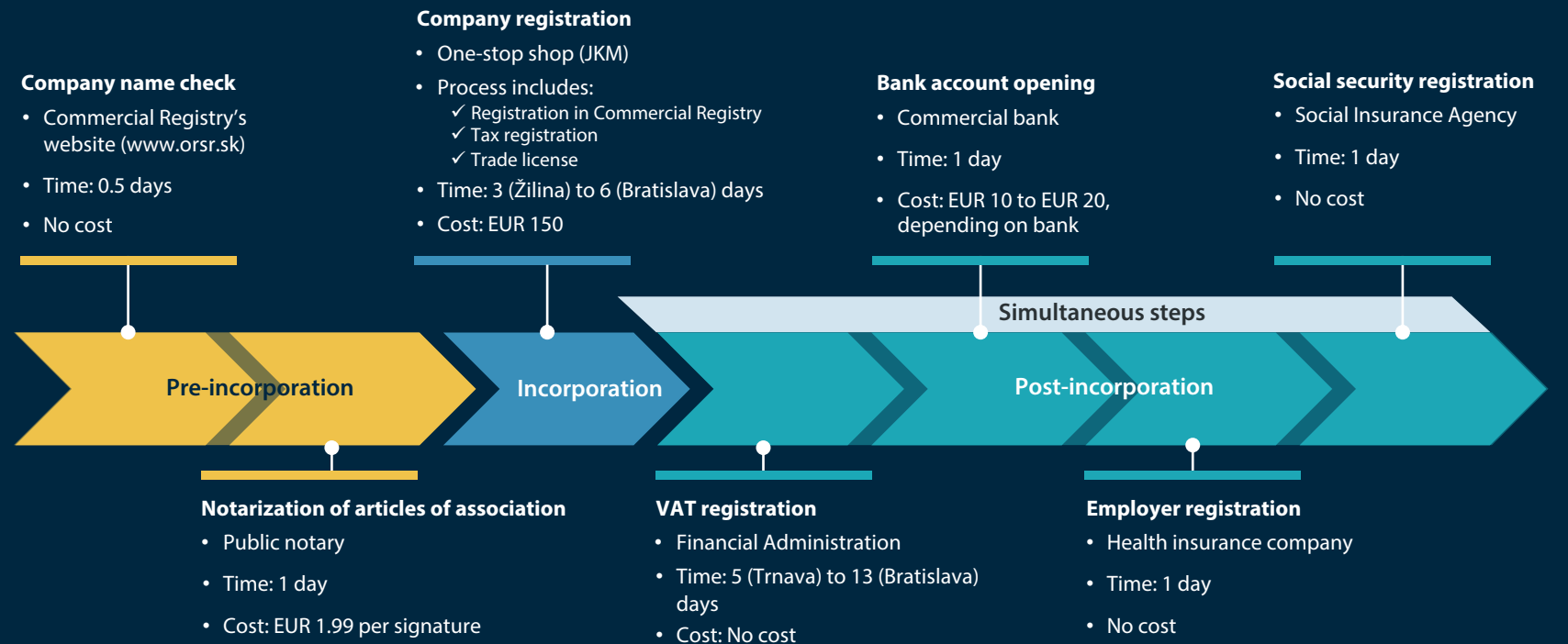
The time to register a new LLC in the Slovak Republic varies from 10.5 days in Trnava to 20.5 days in Bratislava. The variation is due to the different times that it takes the local offices of the Financial Administration to complete the registrations for income tax and VAT.



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

- Entrepreneurs have online access to the Commercial Registry (*Obchodný register*) to facilitate name checks.
- Company registration can be done at the one-stop shop—Single Point of Contact (*Jednotné kontaktné miesto, JKM*)—where entrepreneurs can register with the Commercial Registry, register for income tax, and obtain the trade license.
- Entrepreneurs pay a fixed fee of EUR 150 to register a company, equivalent to 1% of income per capita.

How does the process to register a new LLC work in the Slovak Republic



Source: Subnational Business Ready



Business Entry in the Slovak Republic



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

Slovak Republic score: **97** to **99.5** out of 100 points
 Bratislava Trnava

While the requirements to set up a new business are the same in all Slovak cities, the process is fastest in Trnava (10.5 days) and longest in Bratislava (20.5 days). The difference in time is due to the times it takes for the local offices of the Financial Administration to process the registration of new businesses for income tax and VAT.

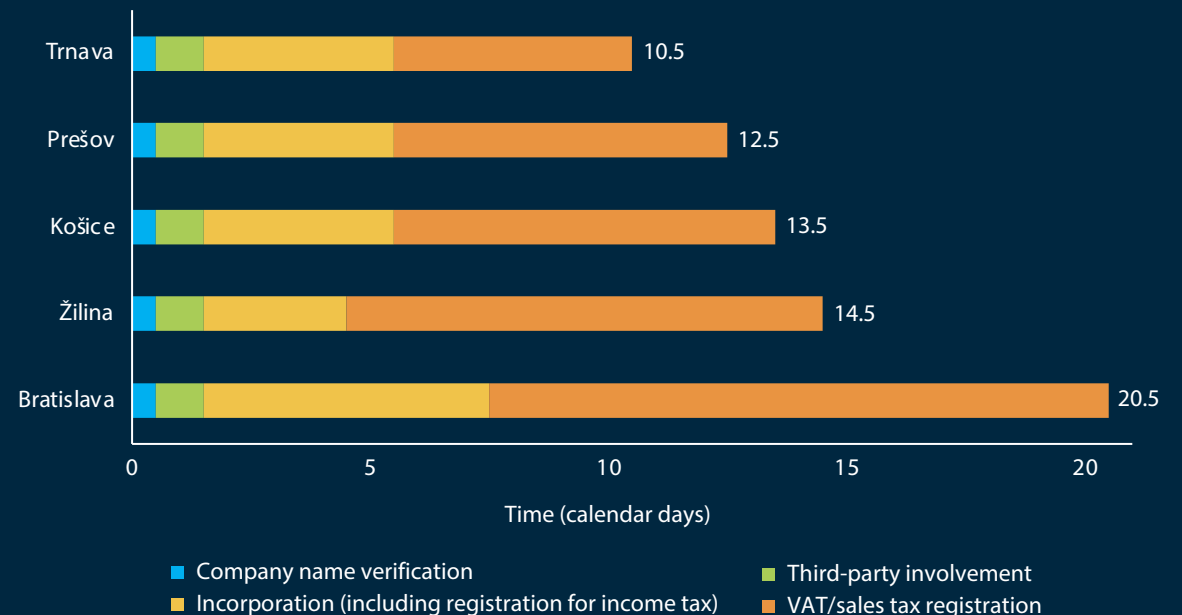
The company is registered for income tax at the time of registration at the one-stop shop, but the application is processed separately by the Financial Administration, which communicates the outcome of the request separately. The elimination of the income tax registration form due to direct communication between the Commercial Registry and the Financial Administration has reduced the time for this step, but differences in processing times remain among cities.

Registration for VAT, which is completed as a post-registration step, represents the largest share of the total time for business entry and is the main source of variation between cities going from five days in Trnava to 13 days in Bratislava.

The volume of requests and the workload at the different local offices of the Financial Administration are part of the reason for the variations in time, with Bratislava having the largest number of applications.

In addition, VAT registration can take longer due to the risk analysis conducted by the Financial Administration in order to prevent fraud. This process can include a special questionnaire if the level of risk of the company is deemed to be higher.

Business entry is fastest in Trnava and slowest in Bratislava



Source: Subnational Business Ready

* Occurs simultaneously with bank account opening and registration of employees and social security



Business Entry in the Slovak Republic

Areas of improvement for Business Entry (1/2)



Eliminate the start-up capital requirement for limited liability companies

The Slovak Republic remains one of the few economies in the world that continues to have a minimum capital requirement for LLCs. New LLCs are required to have a minimum of EUR 5,000 of capital, which represents 28.7% of income per capita. While this requirement has historically had the objective of protecting creditors and promoting confidence from the financial markets, research shows that, in practice, it provides little protection for creditors and investors during insolvency.³⁴ Several European Union Member States including Belgium, Finland, Ireland, and the Netherlands, as well as other countries around the world, have already eliminated the minimum capital requirement. Others such as Bulgaria, Greece, and Portugal, have reduced it to less than 0.1% of income per capita.

Relevant stakeholders: Ministry of Justice; Ministry of the Interior; Financial Administration; Commercial Registry



Review the requirements to obtain a trade license

The Slovak Republic requires all new LLCs to obtain a trade license regardless of their type of activity. In most European Union Member States, licenses are only required for companies in regulated or strategic sectors. Generally, licenses are limited to companies with activities that represent a risk to public safety, health, or the environment, among other concerns. The Slovak Republic could consider removing such requirement for companies with the lowest level of risk. Or alternatively, the country could request a declaration from the company founders stating that they comply with the relevant regulations in their sector of activity, as is the case of Spain.

Relevant stakeholders: Ministry of Justice; Ministry of the Interior; Financial Administration; Commercial Registry

³⁴ Elkind, 2007; Armour, 2006; Kubler, 2004; Simon, 2004; Mülbart and Birke, 2002.



Business Entry in the Slovak Republic

Areas of improvement for Business Entry (2/2)



Streamline the VAT registration process

Registering for VAT is the process that takes the longest time for business entry in the Slovak Republic; taking from five to 13 days. The process could be streamlined by allowing the possibility of completing VAT registration at the same time as income tax registration, reducing the need for a separate application. In Hungary, new companies are registered for VAT during the same process as registration with the Court, and this can be completed in two days. VAT registration could also be facilitated by expediting the decision on registration and conducting checks afterward. For example, in Romania, companies can choose voluntary VAT registration at the time of submitting their application to the trade registry. The decision is issued immediately, and the authorities conduct their risk analysis post-registration. In case of issues with the application and/or the information submitted, authorities can revoke their approval.

Relevant stakeholders: Ministry of Justice; Ministry of the Interior; Financial Administration; Commercial Registry



3. Business Location in Detail





3.1 Building Permitting in the Slovak Republic



Pillar I:
Regulatory
Framework

Score (all cities):

91.2/100



Pillar II:
Public
Services

Score (all cities):

38.3/100



Pillar III:
Operational
Efficiency

Obtain building permits:

Time (days): **286** (Prešov) to **626** (Bratislava)

Cost (% of income per capita*): **29.7%** (Trnava) to **30%** (Bratislava)

Obtain occupancy permits:

Time (days): **83** (Košice) to **90** (Žilina)

Cost (% of income per capita*): **14%** (all cities)

Score: **49.5** (4 cities) to **52.5** (Prešov) /100

*The Slovak Republic's 2021 GNI per capita is EUR 17,451

Main findings

- Urban planning regulations in the Slovak Republic follow many internationally recognized good practices (Pillar I). Still, the regulatory framework could benefit by requiring a certified engineer/architect or external firm to verify that construction plans comply with existing building standards, and that phased or risk-based structural safety inspections are required during construction by law.
- The largest variations in regulatory performance among the Slovak cities are due to the time it takes to complete the building permitting process (Pillar III). Construction permitting is more efficient in Prešov, thanks to faster processing times for location and building permits. Bratislava lags behind all other Slovak cities in the building permitting process.
- Municipal building permit fees are determined at the national level. Slight variations in cost stem from utility providers' fees.
- The Slovak Republic could make the construction permit-issuing process easier by consolidating preconstruction clearances and introducing an electronic permitting system (Pillar II).
- The new construction law ("Government Program Statement of the Slovak Republic for the years 2020–2024") aims to simplify spatial planning processes, incorporate a spatial planning and construction information system, and unify the spatial plan structure. Under the new law, the country aims to achieve full digitalization of building permitting by 2032.

Overall Building Permitting score per city*



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



Building Permitting in the Slovak Republic

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.³⁵
- 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>

³⁵ World Bank, 2024.



Building Permitting in the Slovak Republic

Relevant legislation and main stakeholders

Parliament approved a new Spatial Planning Act (Act No. 200/2022 Coll) which entered into force on April 1st, 2024. A new Construction Act is expected to enter into force in 2025. Both acts will replace the original Act No. 50/1976 Coll. on spatial planning and building regulations, which was promulgated in 1976 and is presently amended by Act No. 195/2023 Coll.



Relevant laws and regulations in the Slovak Republic

- **Act No. 50/1976 Coll.** on spatial planning and building regulations (Building Act) as amended by Act No. 195/2023 Coll.
- **Act No. 200/2022 Coll.** on spatial planning (effective from April 1st, 2024).
- **Act No. 201/2022 Coll.** on construction as amended by Act No. 205/2023 Coll (will come into force in 2025).
- **Act No. 138/2004 Coll.** on administrative proceedings (Administrative Order).
- **Act No. 555/2005 Coll.** on the energy performance of buildings.
- **Administrative Fees Act 145/1995 Coll.** on the price of individual services and fees.



Public institutions and services for building permitting*

- **Local public authorities:** approving bodies are typically, but not limited to, municipalities, the Chief Architect, the Building Office, the Environmental Department, and the Technical Building Office.
- **Regional agencies:** Regional Public Health Office, Fire Department, and District Offices (Environmental Department and Cadastral Department).
- The **Slovak Building Inspectorate (SSI)** is authorized to carry out the main state construction supervision.

*Relevant stakeholders as of December 2023. A transfer of construction competence from municipalities to the national administration became effective on April 1, 2024.



Building Permitting in the Slovak Republic



Pillar I: Quality of Regulations for Building Permitting

Slovak Republic score (all cities): **91.2** out of 100 points

Regulatory standards related to building permitting

28.7/37.5

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 present in the legislation
- ✓ Materials (i.e., asbestos) required to be inspected/tested by law
- ✓ Liability for structural flaws/problems defined by law
- ✓ Qualifications required to conduct technical supervision/inspections
- ✓ 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 the Slovak Republic



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

Slovak Republic score (all cities): **38.3** out of 100 points

0/40

Availability and reliability of digital services

- ✗ No online platform for issuing building authorizations
- ✗ No online permitting systems with several functionalities
 - ✗ No online payment
 - ✗ No online communication
 - ✗ No online notification
 - ✗ No online submission
 - ✗ No auto-generated checklist
- ✗ No online permitting systems to submit building and occupancy permits
- ✗ No online filing of disputes on building permits

28.3/40

Transparency of information

- ✓ Public accessibility of planning and building control regulations
- ✓ Public online availability of requirements to obtain all types of 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
- ✓ Up-to-date fee schedules for obtaining all types of construction permits available online
- ✓ Availability of updated city master plan/zoning plan
- ✓ Clear, defined steps to modify zoning/land use plan
- ✗ No online verification of adherence to zoning regulations by developer
- ✗ No public availability of official, updated online statistics tracking the number of issued building permits

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



Building Permitting in the Slovak Republic



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

Slovak Republic score (all cities): **38.3** out of 100 points

10/20

Interoperability of services

- ✗ No availability of spatial plans and zoning requirements, valid for official procedures, in the form of a Geographic Information System (GIS) or other spatial data platforms to all stakeholders
- ✓ Integration of GIS or national spatial platforms between the permit-issuing agency and other stakeholder agencies



What to improve: In the Slovak Republic, before applying for a building permit, developers obtain a location permit, which confirms the suitability of the proposed investment plan in the area. The municipality evaluates the investment plan presented and issues an opinion confirming that it complies with spatial planning regulations. In some other European Union Member States measured in our study, builders do not obtain an urban planning approval before applying for a building permit. Builders verify adherence to zoning regulations online, while authorities review both the use and location of the investment plan and the building and plot technical requirements in a single procedural process. Although spatial planning and zoning requirements are available through an online portal in the Slovak Republic, the information is not valid for official procedures. Thus, there is room for improvement through the incorporation of a GIS or other spatial data platforms into the official procedural process.

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



Building Permitting in the Slovak Republic

Pillar III: Operational Efficiency of Building Permitting (1/4)



Pillar III: Operational efficiency

Score:

49.5 (4 cities) to **52.5** (Prešov) / 100

- Construction regulation in the Slovak Republic adheres to both national and local legislation. The national framework comprises territorial planning and building control systems. The local framework establishes the specific features of the building control within each municipality. Construction oversight is the responsibility of the local authorities.
- A transfer of construction competence from municipalities to the national administration became effective on April 1, 2024 ("Government Program Statement of the Slovak Republic for the years 2020–2024"). Municipal building authorities were abolished, and their powers transferred to the Authority for Spatial Planning and Construction of the Slovak Republic (ASPC SR)*, which has regional delegations. Construction works adhere to the territorial jurisdiction of their respective regional building authorities.

* For more information on the construction reform and spatial planning please visit: <https://stavebnurad.gov.sk/en/>

How does building permitting work in the Slovak Republic

BEFORE CONSTRUCTION – Obtaining a building permit

- Obtain certificate of ownership of the land and the cadastral map from the cadaster
- Obtain topographic survey
- Obtain geotechnical investigation
- Obtain clearance for the investment project from municipality
- Obtain clearances from specialized agencies
- Obtain consent/technical conditions from utility providers
- Obtain location permit from municipality
- Obtain building permit from municipality

AFTER CONSTRUCTION – Obtaining an occupancy permit

- Obtain building energy certificate
- Obtain topographical survey
- Obtain consent from utility providers
- Submit application to permitting authorities and obtain occupancy permit

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

Source: Subnational Business Ready

Note: The procedures 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.

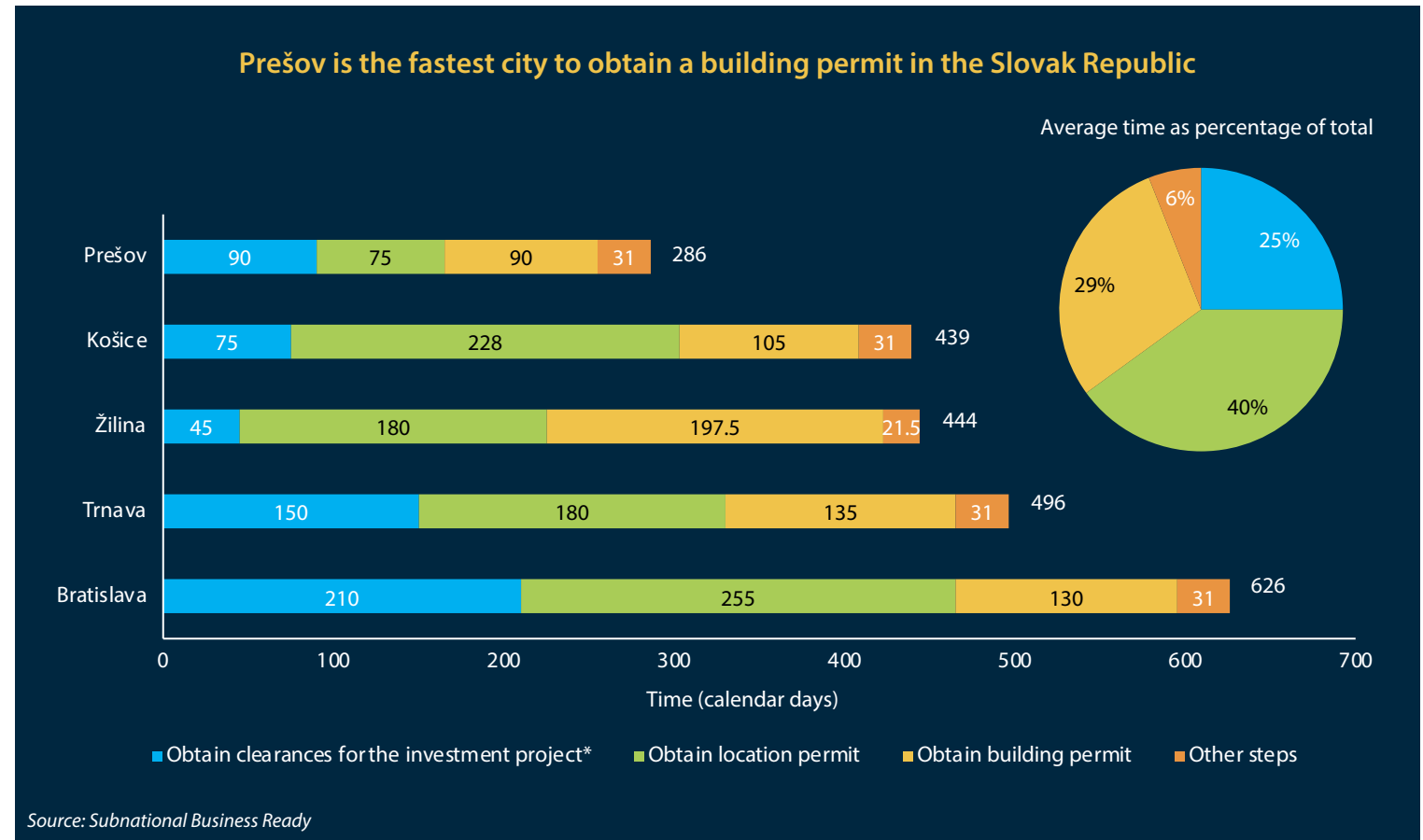


Building Permitting in the Slovak Republic

Pillar III: Operational Efficiency of Building Permitting (2/4)

The time to obtain a building permit ranges from 286 to 626 days

- Among Slovak cities, the process of obtaining a building permit is fastest in Prešov, where it can be completed in 286 days. In Bratislava, completing the same process takes a year longer (a total of 626 days), largely because of delays in obtaining the location permit and clearances of the investment project from the municipal Building Office, the District Office, and other relevant public administration offices. On average, obtaining the location and building permits is the most time-consuming part of the building permit process in the Slovak Republic, accounting for around 69% of the total time.
- There is no legal time limit for issuing the location permit, and the length of the process depends on the Building Office's workload, as well as on employees' efficiency in dealing with the procedure.



*During this time, clearances are obtained from the municipality, specialized agencies (environmental clearance, fire safety clearance, health and sanitation clearance), and consent from utility providers.



Building Permitting in the Slovak Republic

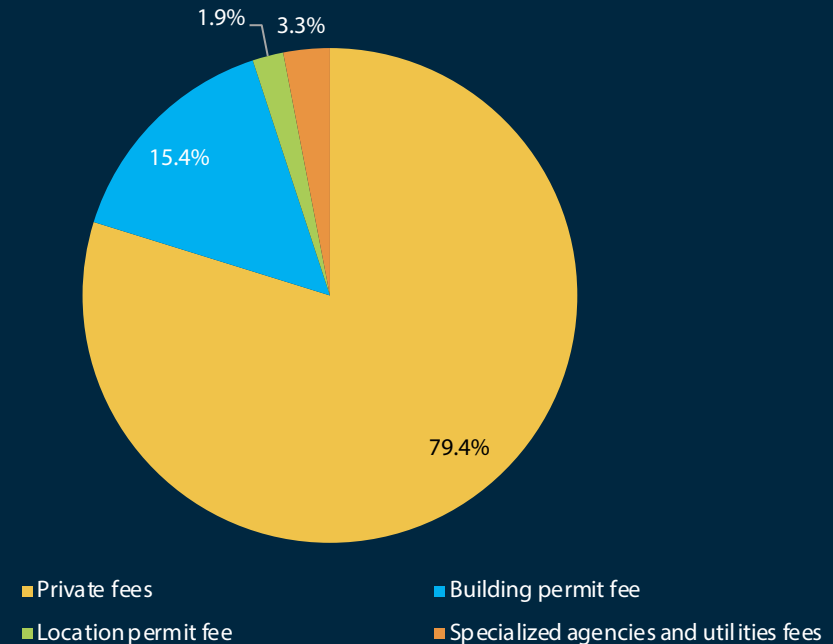
Pillar III: Operational Efficiency of Building Permitting (3/4)

The cost to obtain a building permit ranges from EUR 5,183 to EUR 5,235 (or 29.7% to 30% of income per capita)

- The average cost of obtaining building permits in the Slovak Republic is EUR 5,201 (the equivalent of 29.8% of income per capita), ranging from EUR 5,183 in Trnava to EUR 5,235 in Bratislava. This slight variation in cost is from fees charged by water and electricity utility providers for project consent and technical conditions.
- The municipal building permit fee is determined at the national level. Developers must pay a fee of EUR 800 for an investment project of between EUR 1 to EUR 10 million.

On average, fees for professional services account for 79% of the cost to obtain a building permit

Average building permitting fees as percentage of total



Source: Subnational Business Ready

*Private professional fees include fees for topographical surveyor and geotechnical investigator.



Building Permitting in the Slovak Republic

Pillar III: Operational Efficiency of Building Permitting (4/4)

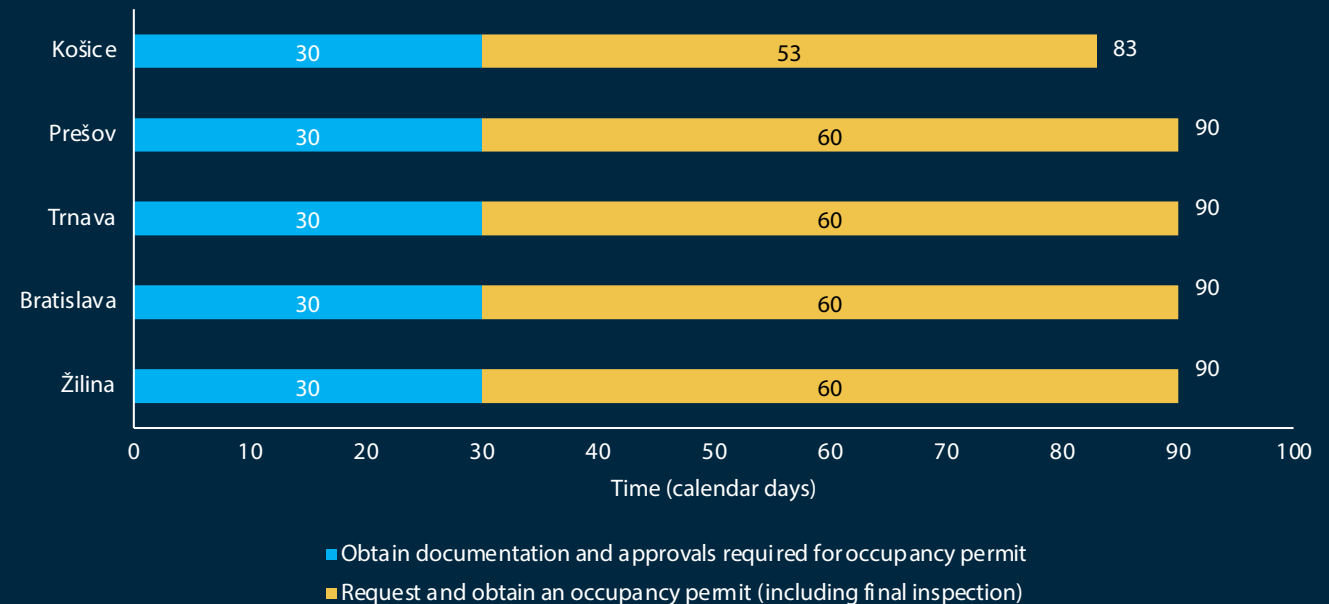
Time to obtain an occupancy permit: 83 to 90 days

Cost to obtain an occupancy permit (all cities):

EUR 2,380 (or 14% of income per capita)

- **Entrepreneurs in Košice need 83 days to complete the process of obtaining an occupancy permit, while it takes 90 days in the rest of the cities benchmarked.**
- The time it takes to obtain the occupancy permit depends on two factors. Firstly, the time it takes the parties who participated in the final inspection to issue the respective clearances and deliver them to the Building Office. Secondly, the time it takes the Building Office's employees to compile all clearances and issue the final permit.
- Final inspection is mandatory for every construction project and an occupancy permit cannot be issued without an inspection.
- The Building Office sets a day for the inspection and notifies the developer or construction company, the Public Health Office, the Fire Department, and others.
- If all parties clear the project and issue supporting statements, the Building Office can proceed with issuing the occupancy permit.
- **The cost to obtain an occupancy permit is uniform across the five benchmarked cities (EUR 2,380).** The cost stems from private fees (updating topographic measurements and obtaining a building energy certificate) and a fee of EUR 530 for the occupancy permit.

Obtaining an occupancy permit is fastest in Košice, while the other cities have slightly longer times



Source: Subnational Business Ready



Building Permitting in the Slovak Republic

Areas of improvement for Building Permitting (1/3)



Streamline the process for preconstruction approvals

Before applying for a building permit, entrepreneurs in the Slovak Republic have to obtain a location permit and other investment project clearances and assessments from local municipal offices and other relevant public administration offices. Completing all the preconstruction approvals on average takes ten months across the cities benchmarked. In most cities, except for Prešov, obtaining a location permit is the source of the longest delays in the construction permitting process. Preconstruction approvals are required to ensure that the proposed investment plan complies with zoning rules and environmental, fire safety, and public health standards. Entrepreneurs must also obtain verification from utility providers that the project fulfills infrastructure requirements. All the public entities involved in the approval process are able to request modifications to the project that might lead to changes in other sections of the project and therefore require additional verifications from the affected agencies. Entrepreneurs have cited the numerous clearances required and the time it takes to obtain the location permit as the main reasons for the lengthy approval process.

One way of streamlining the clearances process is by introducing a single point of contact, both to take responsibility for coordinating the approval process with all the relevant agencies and to keep track of the timeline for approvals. This kind of single-window solution to similar problems is being adopted widely by other European Union Member States. In Cyprus, for example, an applicant only needs to obtain a copy of the site plan and a town-planning permit prior to applying for a building permit. For the rest of the required clearances—such as those related to telecom, sewerage, public works, the archaeological department, and the fire brigade—the municipality is responsible for forwarding the application and sending the relevant drawings to these agencies for their clearance and approval. In Malta, once the applicant submits the building permit application online, the Planning Authority automatically consults with 11 government agencies whose input might be relevant to the application. The applicant does not need to interact with these agencies. Similarly, in Croatia, the digitalization of the construction permitting process has reduced the number of steps and unified the process. The building authority in charge of issuing the permit uses the e-Conference module in the e-Permit system (<https://dozvola.mgipu.hr/naslovna>) to obtain the relevant special conditions from all relevant bodies. In Denmark, there are no required preconstruction clearances, and the building permit application is managed and completed online.

Implementing this kind of single-window solutions requires additional staffing resources and possibly higher fees to cover the additional costs.

The newly approved Act No 200/2022 Coll. on Spatial Planning envisages the simplification of processes, the acceleration of the issuance of construction permits, and the digitalization of the construction permitting process.*

Relevant stakeholders: Section for Construction, Housing Policy and Urban Development of Ministry of Transport; municipalities

*For more information on the construction reform and spatial planning please visit: <https://stavebnyurad.gov.sk/en/>



Building Permitting in the Slovak Republic

Areas of improvement for Building Permitting (2/3)



Incorporate electronic platforms throughout 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 a primary e-government service. The Slovak Republic could look at the example of cities and countries that have already put in place fully computerized building permitting systems. 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 Portugal, the city of Porto has a fully functional electronic application system (*Portal do Municípe do Porto*, <https://portaldomunicipe.cm-porto.pt/home>) equipped with tracking and status-report tools. Applicants in Padua (Italy) use the Padovanet platform (<https://www.padovanet.it/servizi-online>) to submit all documentation at once and track the status of their applications. All relevant departments, both within and outside the municipality, are connected to the same platform. 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 a notification to the building department of the completion of construction.

In past years, the use of ICT solutions in the building permitting process has increased in the Slovak Republic. For example, the certificate of ownership of the land and the cadastral map can be obtained online for free from the electronic services portal of the real estate cadaster (ESKN Portal, available at <https://kataster.skgeodesy.sk/eskn-portal/search/iv>). Similarly, several web applications and map services have been created offering data and metadata on spatial features of the country on the website of Geodesy, Cartography and Cadaster of the Slovak Republic (<https://www.geoportal.sk/en/services/map-services/> and <https://zbgis.skgeodesy.sk/mkzbgis/sk/kataster>). Still, the building permitting process is lengthy and paper-based. The government of the Slovak Republic is making efforts to improve the efficiency of the construction process. The current ongoing construction reform expects a progressive transition, until 2032, to a construction permitting process in which all authorities participate electronically and have online access to spatial planning data.

Relevant stakeholders: Section for Construction, Housing Policy and Urban Development of Ministry; municipalities



Building Permitting in the Slovak Republic

Areas of improvement for Building Permitting (3/3)



Harmonize spatial planning and environmental impact assessment processes

In the Slovak Republic, the spatial planning approval is not integrated with the environmental impact assessment process. There are several instances during the construction permitting process where environmental authorities verify requisite requirements. The process for determining the need of an environmental impact assessment (EIA) runs in parallel and is not integrated into the construction permitting process. It would be beneficial for the Slovak Republic to harmonize all environmental considerations into one single process.

Relevant stakeholders: Section for Construction, Housing Policy and Urban Development of Ministry of Transport; Ministry of Environment; municipalities

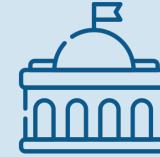


3.2 Environmental Permitting in the Slovak Republic



Pillar I: Regulatory Framework

Score (all cities):
89.2/100



Pillar II: Public Services

Score (all cities):
65/100



Pillar III: Operational Efficiency

Time (days):
105 (Prešov) to
160 (Žilina)

**Cost (% of income
per capita*):**
40.1% (all cities)

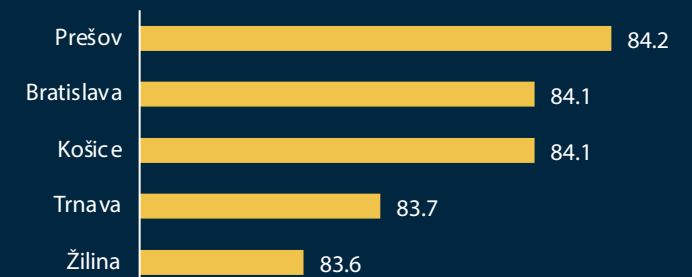
Score:
96.5 to 98.5/100
Žilina Prešov

*The Slovak Republic's 2021 GNI per capita is EUR 17,451

Main findings

- In the context of environmental permitting, regulatory compliance benchmarks (Pillar I) in the Slovak Republic, as well as the provision of digital public services and the transparency of information (Pillar II), are implemented uniformly across the country.
- The environmental permitting process in the Slovak Republic demonstrates uniform efficiency in the initial and documentation preparation phases across all cities, and it is typically completed within 60 days. However, the duration of obtaining a decision on whether an environmental impact assessment (EIA) is required varies significantly, ranging from 45 days in Prešov to 100 days in Žilina. Variations in time could be influenced by regional administrative capacities and the volume of development activities.
- The cost related to obtaining environmental clearances is consistent across the country.
- The Slovak Republic could enhance efficiency and effectiveness in its environmental permitting by further developing digital tools for the permitting process, and fully adopting a risk-based approach to environmental approvals. These improvements would streamline procedures, reduce redundancies, and enhance stakeholder engagement, thus aligning the country's environmental governance with international best practices.

Overall Environmental Permitting score per city*



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



Environmental Permitting in the Slovak Republic

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.³⁶
- 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.

³⁶ Carlson, 2000.

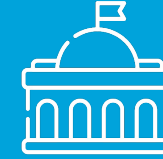
What does the Environmental Permitting topic measure?



Pillar I: Regulatory Framework

Quality of regulations for environmental permitting

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



Pillar II: Public Services

Quality of public services and transparency of information for environmental permitting

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



Pillar III: Operational Efficiency

Operational efficiency of environmental permitting

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

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



Environmental Permitting in the Slovak Republic



Pillar I: Quality of Regulations for Environmental Permitting

Slovak Republic score (all cities): **89.2** out of 100 points

47.5/50

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
- ✓ 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
- ✓ 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

41.7/50

Dispute mechanisms for construction-related environmental permits

- ✓ Ability to dispute environmental clearances and permits with the permit-issuing authority
- ✗ No out-of-court resolution mechanisms for environmental disputes

What to improve: The Slovak Republic can enhance its good regulatory practices by adding the following standards to conduct EIAs effectively: (i) out-of-court resolution mechanisms for disputing environmental permitting decisions with the permit-issuing authority, (ii) 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:

- Act No. 24/2006 Coll. on Environmental Impact Assessments
- Administrative Fees Act 145/1995 Coll.



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



Environmental Permitting in the Slovak Republic



Pillar II: Quality of Public Services and Transparency of Information for Environmental Permitting

Slovak Republic score (all cities): **65** out of 100 points

15/50

Availability and reliability of digital services

- ✓ Environmental permitting systems with several functionalities:
 - ✗ No online payment
 - ✓ Online communication
 - ✓ Online notification
 - ✓ Online submission
 - ✗ No auto-generated checklist to assist applicants in ensuring complete and accurate submissions
- ✗ No online filing of disputes on environmental clearances in construction

50/50

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

What to improve: Agencies responsible for environmental protection in the Slovak Republic might consider enhancing the existing electronic platform used for environmental permits by developing an auto-generated checklist to assist applicants in ensuring complete and accurate submissions and eliminating the requirement of paper copies. Additionally, integrating in the platform an online payment feature would improve the platform's functionality, making it more user-friendly and efficient. Furthermore, allowing entrepreneurs to file disputes online regarding environmental clearances in construction with no need for paper copies would streamline the permitting process and increase accessibility. These enhancements would thereby improve transparency and effectiveness in environmental regulatory activities.

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



Environmental Permitting in the Slovak Republic



Pillar III: Operational Efficiency of Environmental Permitting (1/2)

Slovak Republic score: **96.5** to **98.5** out of 100 points
Žilina Prešov

How does the environmental clearance process work in the Slovak Republic

Under Act No. 24/2006 Coll. on Environmental Impact Assessments, any construction project in the Slovak Republic that may significantly affect the environment by virtue of factors such as its nature, size, or location is required to undergo an environmental impact assessment (EIA) before a zoning permit is granted. The environmental permitting process for a residential housing development project can then be divided into three distinct phases, each critical to the comprehensive assessment and approval of development projects. Notably, Phases I and II can be carried out simultaneously.*

*The notice of intention, hiring of the environmental expert, preparation of documentation, and obtaining consents can be done simultaneously.

The environmental clearance process

PHASE I: Submit a notice of intention to a competent authority

The process begins with the developer submitting a notice of intention to the competent authority,* providing basic project information. Although not legally required, this submission is often prepared by an expert due to its complexity. The respective authority then sends this intention to all interested parties and publishes it on its website within seven days, opening a period for comments on whether the project should undergo a full EIA.

PHASE II: Hire an environmental expert to prepare environmental documentation

An environmental expert is hired to prepare more comprehensive environmental documentation. This might include conducting necessary studies such as noise and transport-capacity studies and securing approvals from several authorities including the district office's department of the environment, the state water administration bodies, and local municipalities.

PHASE III: Submit documentation and obtain a decision on whether an EIA is required or not

After the environmental documentation is submitted, the district office has 30 days to decide whether a full EIA is required. This period can be extended due to factors such as public objections. From the start of the process in phase I, the public can raise objections, and the entire documentation, including the intention, is made available on Enviroportal.sk. In practice, extensions of this decision period occur frequently due to public objections.

*One of three authorities can assess the notice of intention: *Ministerstvo životného prostredia SR* (the Ministry of the Environment), *Okresný úrad v sídle kraja* (the district office in the seat of the region), or *Okresný úrad* (the district office).

Source: Subnational Business Ready



Environmental Permitting in the Slovak Republic

Pillar III: Operational Efficiency of Environmental Permitting (2/2)



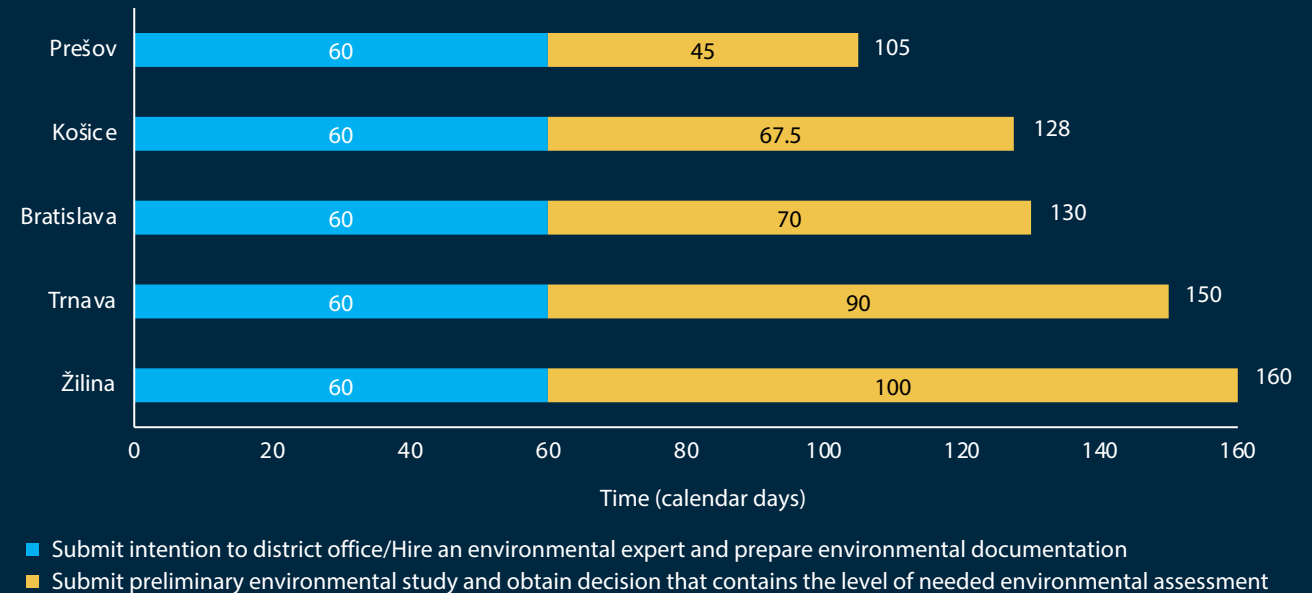
Pillar III: Operational efficiency

Time: 105 to 160 days

Cost (all cities): 40.1%
of income per capita
or EUR 7,000

- In the Slovak Republic, phase I and II of the environmental permitting process—submission of the notice of intention and preparation of environmental documentation by an environmental expert—are uniformly completed within 60 days across all measured cities. However, there are significant variations in the duration of Phase III, where a decision is made on whether an EIA is required, as follows:
 - In Prešov, the decision process is the quickest, taking only 45 days. This faster timeline could be attributed to the region's lower development rate, potentially resulting in fewer projects requiring a detailed assessment.
 - Conversely, in Žilina, the process extends up to 100 days, primarily due to the workload of the limited staff available to handle these assessments.
- These differences highlight the impact of regional administrative capacities and the volume of development activity on the duration of the environmental permitting process. Despite these variations in time, the cost for obtaining environmental clearances remains consistent across the Slovak Republic.

Time to obtain environmental clearances for construction



Source: Subnational Business Ready



Environmental Permitting in the Slovak Republic

Areas of improvement for Environmental Permitting



Fully adopt a risk-based approach to environmental approvals

The Slovak Republic's [Law on Environmental Impact Assessment \(Annex No. 8 of Act No. 24/2006 Coll.\)](#) clearly defines the types of projects that require an environmental impact assessment (EIA). Simpler projects, such as an office building of 1,800 m², as in the case study for the *Subnational Business Ready* project, do not require an EIA. However, most building projects, regardless of size or complexity, must still obtain official confirmation from the competent authority that an EIA is not required. One of three authorities can perform the assessment:

- The **Ministry of the Environment of the Slovak Republic (MŽP SR)** for modifications to proposed activities listed in Part A of Annex No. 8 that do not reach or exceed any of the specified threshold values
- The **district office in the seat of the region** for proposed activities or changes impacting the territory of the given region
- The **district office** for proposed activities or changes impacting the territory of the given district

The Ministry of the Environment of the Slovak Republic assesses the nature and scope of the proposed activity, the location of the activity, and the significance and characteristics of the expected impacts as outlined in [Annex No. 10 to Act No. 24/2006 Coll.](#) These criteria could be communicated to permitting authorities, which could then direct applicants to the district office in cases where the land plot is near or adjacent to a protected area and requires an EIA. To eliminate the need for location checks, more accurate GIS-based maps could be developed for municipalities to consult when reviewing building permit applications.

Simpler projects should not be subjected to an environmental approval process. Defining risk-based categories becomes ineffective and redundant if all projects are required to obtain an environmental decision. Many European Union Member States have adopted a risk-based environmental approval process. For instance, Belgium and Portugal do not require an environmental impact report for simple buildings. In Denmark, applicants submit an assessment of the project's overall impact on the environment (including a situational plan and sectional drawings) as part of the building permit documentation, with no separate environmental approval required.

Streamlining environmental assessments can reduce duplication and accelerate decision-making, provided it does not compromise the quality of the EIA review process.

Relevant stakeholders: Ministry of the Environment; district office in the seat of the region; district office



3.3 Property Transfer in the Slovak Republic



Pillar I:
Regulatory
Framework

Score (all cities):
76.5/100



Pillar II:
Public
Services

Score (all cities):
71.8/100



Pillar III:
Operational
Efficiency

Score:
80.7 (Trnava) to **91.3** (Bratislava) /100

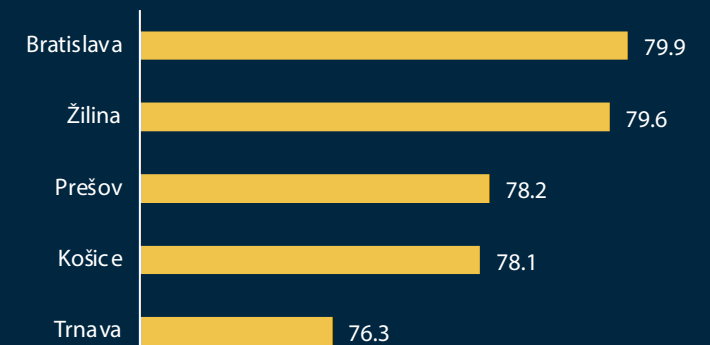
Time (days):
10 (Trnava) to
17 (Košice, Žilina)
Cost (% of property value*):
0.05% (all cities)

*For a property value of EUR 1,745,100, equal to 100 times the 2021 GNI per capita.
The Slovak Republic's 2021 GNI per capita is EUR 17,451

Main findings

- The Slovak Republic features many good practices in regulations related to property tenure and land administration which are nationally applicable.
- Most good practices in public services related to property transfer are available for businesses and citizens in all cities of the Slovak Republic.
- All steps for registering property transfer can be done online.
- The process of transferring a property is simple, straightforward, and uniform across the country.
- The only variation comes from differences in the time the local Land Registry offices take to process registration requests.
- While the public sector's interaction with entrepreneurs is digitalized, insufficient interoperability on the backend of the Land Registry's system may be a cause of inefficiencies.

Overall Property Transfer score per city*



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



Property Transfer in the Slovak Republic

Why is property transfer important?

- Secure property rights encourage investment, promoting a safe commitment to immovable property.³⁷
- Looking at how well property rights are managed provides a good indication of how the economy is likely to grow.³⁸
- 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.

³⁷ De Soto, 2000. Johnson, McMillan, and Woodruff, 2002.

³⁸ Field, 2007; Green and Moser, 2013.

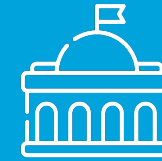
What does the Property Transfer topic measure?



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 the Slovak Republic

Reforms and changes in the property registration process since 2018



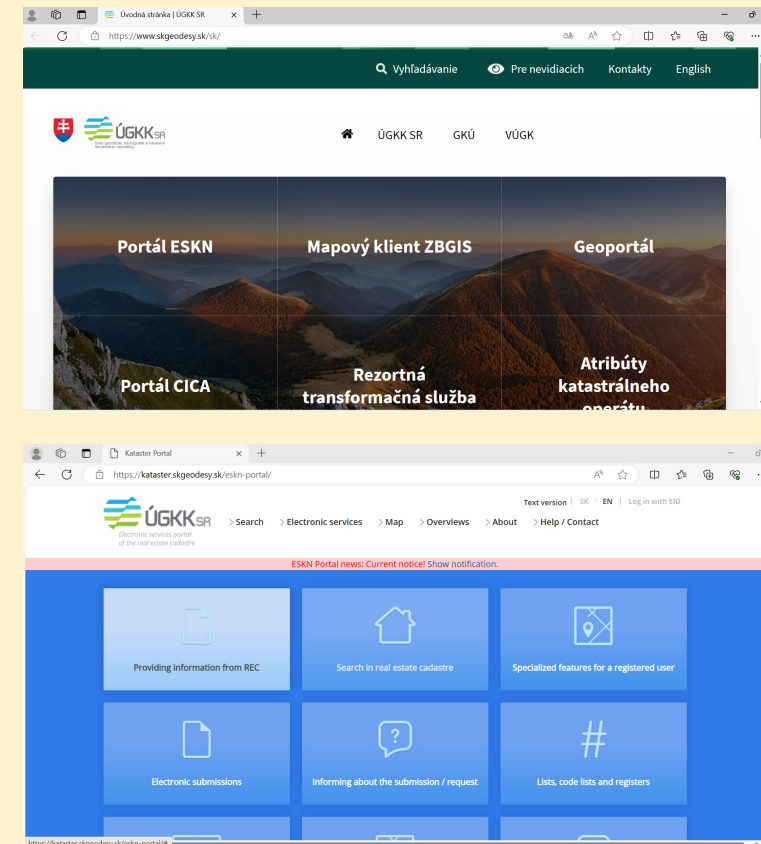
Improved and extended menu of digital services

Over the recent years, the electronic system has continuously been improved and the menu of digital services available to beneficiaries has been extended.

In 2022, a new electronic platform was launched <https://www.skgeodesy.sk/sk/>, replacing its predecessor (from 2015) and providing more services to citizens and businesses.

New functionalities introduced in recent years are shown in the table below:*

Searching and viewing real estate cadaster data	April 2022	November 2015
Non-visual interfaces of data services		November 2015
Monitoring data changes in the cadaster		September 2018
Advanced electronic submissions to the cadaster		September 2019
Extended access to real estate cadaster data	April 2022	January 2022
Copy from the cadastral map	April 2022	January 2022 (ZBGIS)
Notice on motion for registration	April 2022	February 2022
Search for unknown owners	April 2022	May 2021 (DSKN portal)



*Geodesy, Cartography and Cadaster Authority of the Slovak Republic website: <https://www.skgeodesy.sk/sk/novinky/clanky/informacia-pripravovanom-odstaveni-katastralneho-portalu.html>



Property Transfer in the Slovak Republic

Relevant legislation and main stakeholders



Relevant laws and regulations in the Slovak Republic

- **Cadastral Act:** the main regulatory instrument governing land administration and management of property registry in the Slovak Republic.
- **Civil Code:** provides the overall framework for private law, contracts, and property rights.
- **Notary Act:** establishes the roles and responsibilities of notaries, including their role in ensuring compliance of contracts with the law.



Public institutions and services for property transfer

- The **Geodesy, Cartography and Cadaster Authority** is the central agency responsible for the management and professional supervision in the fields of geodesy and cartography, as well as the cadaster, and for maintaining public registers of property rights, and cadastral information.
- **72 local branches** of the Geodesy, Cartography and Cadaster Authority are tasked with implementing the daily operations and delivery of public services, including registration.
- **Notaries** are the official certifiers of private deeds.



Property Transfer in the Slovak Republic



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

Slovak Republic score (all cities): **76.5** out of 100 points

22.5/30

Property transfer standards

Requirements related to:

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

15/30

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 provision on access to information on cadastral maps
- ✓ Existence of a cadastral agency

19/20

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
- ✗ Restrictions for foreign firms to own agricultural land

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



Property Transfer in the Slovak Republic



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

Slovak Republic score (all cities): **71.8** out of 100 points

Availability and reliability of online services

Interoperability of services

Transparency of information



Digital public services

- ✓ Electronic platform for *due diligence*
- ✓ Electronic platform to *register property*
- ✓ Online complaint mechanism at the Land Registry and the Cadaster
- ✗ Responses to complaints are not publicly available

Digital land management and identification system

- ✓ Comprehensive encumbrance checking platform
- ✓ Property titles and cadastral plans are digitalized
- ✓ Cadaster agency uses a mix of direct and indirect methods of surveying land
- ✗ Not all property titles are digitalized

Coverage of the land registry and mapping agency

- ✓ All properties are registered and mapped

Interoperability of services for property transfer

- ✓ Geographic Information System (GIS) in place
- ✓ A unique identifier for properties is used by the Land Registry and the Cadaster
- ✓ Land Registry and Cadaster form a single database
- ✗ The Land Registry's database is not interoperable with other agencies

Transparency of information on immovable property

- ✓ Fee schedules are published online at the Land Registry and the Cadaster
- ✓ The list of requirements for transferring property is published online
- ✓ Service standards are published on the Land Registry's and the Cadaster's websites
- ✗ No published statistics on the number and type of property-related land disputes and time to solve them
- ✗ Gender-disaggregated data about property ownership are not available

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



Property Transfer in the Slovak Republic



Pillar III: Operational Efficiency of Property Transfer (1/4)

Slovak Republic score: **80.7** Trnava to **91.3** Bratislava out of 100 points

How does the property transfer process work in the Slovak Republic

Due diligence

All information needed for due diligence is available [online for free](#) in two electronic platforms:

- The Commercial Registry's platform where lawyers verify the company's profile and status, [https:// www.orsr.sk](https://www.orsr.sk)
- The Land Registry's platform where lawyers verify the cadastral map, the status of the property, who has rights, and whether there are encumbrances, <https://www.skgeodesy.sk/>

The parties can conduct these verifications themselves, but for high-value transactions, entrepreneurs prefer to hire legal professionals.

Deed preparation and signature

After the deed is drafted by the lawyer, the parties meet for signing the deed of sale and purchase, and have the signature of the seller authenticated.

Neither the deed drafting, nor the authentication must be conducted by a lawyer or a notary. In the Slovak Republic, businesses and citizens can draft sale and purchase agreements by themselves and have the signatures verified by a notary or directly at a registrar's office (*Matrika*). However, firms prefer to get expert legal assistance throughout the process.

Deed registration

The registration request can be submitted online through the same platform where the status of the property was verified by the parties or through their legal representatives. The platform also allows for electronic payment of the registration fee.

The Cadaster offers two options for registration—fast-track (within 15 days) or standard (within 30 days). Requests can also be submitted in paper form.

This step can also be done by the parties themselves or by their legal representatives.



Property Transfer in the Slovak Republic

Pillar III: Operational Efficiency of Property Transfer (2/4)



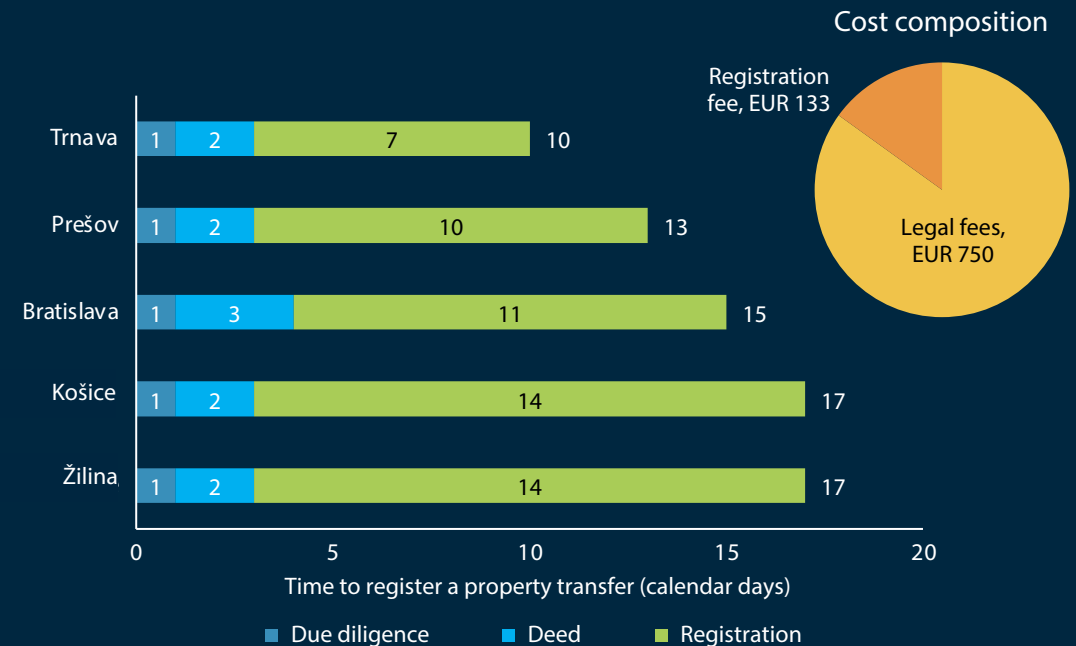
Pillar III: Operational Efficiency

Time (days): **10** (Trnava) to **17** (Košice, Žilina)

Cost (all cities): **EUR 883** or **0.05%** of property value

- Registering the transfer of property rights takes between 10 days in Trnava and 17 days in Košice and Žilina.
- The difference in time is driven mainly by the **registration of the deed** at the Land Registry. While all Land Registries respect the legal deadline of 15 days, in Trnava it takes the Land Registry only one week to rule on a registration request, compared to Košice and Žilina where it takes twice as long.
- The cost is the same across the entire country.** The registration fee varies depending on the option preferred by the requestor: EUR 266 for the fast-track option (15 days) or EUR 66 for the standard option (30 days). Each of these can also be submitted electronically. The fees for electronic options are half of those for the paper-based option to incentivize the uptake of digital services (EUR 133 and EUR 33, respectively).
- Beside the registration fee, entrepreneurs choosing to hire professional experts would pay about EUR 750 legal fees, which include the notary fee for signature verification (EUR 2.87)

In Trnava it takes almost half the time to register property compared to Košice and Žilina



Source: Subnational Business Ready



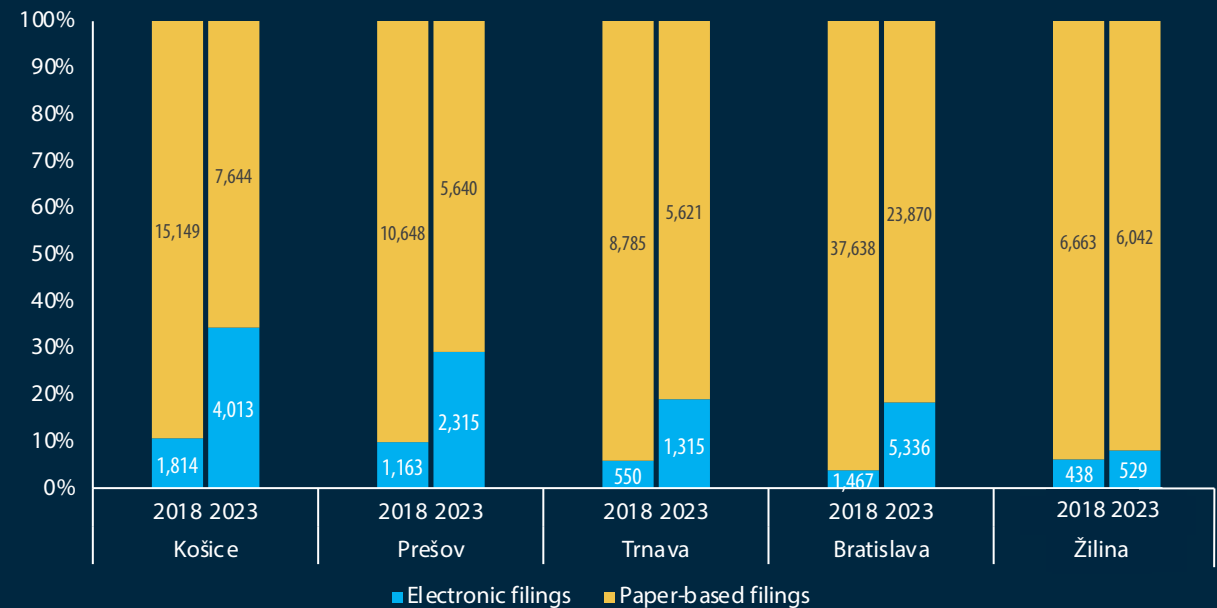
Property Transfer in the Slovak Republic

Pillar III: Operational Efficiency of Property Transfer (3/4)

There is still progress to be made regarding digitalization

- While lawyers prefer using the electronic filing option, most requests are still submitted on paper, despite being less convenient and more expensive.
- The uptake of electronic filing option varies significantly between cities. Košice leads the way with 34% of the requests submitted online; but in Žilina only 8% are done electronically.
- Moreover, from the perspective of the beneficiaries, the entire interaction with the Land Registry occurs online as an electronic one-stop shop (if they so choose). However, this convenience seems not to be mirrored on the other side of the counter. Once an electronically-filled application is received at the Registry, it needs to be printed and processed manually due to incomplete digitalization and lack of interoperability between the Land Registry's internal systems. Fully integrated systems exchanging data in real time with no need for manual processing would shorten the processing time in all cities and achieve convergence.

Electronic filings vs. paper-based filings in 2018 vs. 2023, by city



Source: Subnational Business Ready



Property Transfer in the Slovak Republic

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

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>

- Data collected through Enterprise Surveys indicate that the share of firms reporting access to land as an obstacle was highest in the Western Slovakia region (including Trnava) with 29% and lowest in the Bratislava and Central Slovakia regions (including Žilina), with 22% (see map).
- Across the country, an average of 25% of firms reported access to land as a constraint, **the highest among the six countries benchmarked in the EU.**

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



Source: World Bank Enterprise Surveys 2023



Property Transfer in the Slovak Republic

Areas of improvement for Property Transfer (1/2)

Fully digitalize the back-office operations at the Land Registry when processing requests

A full digitalization of the back-office operations at the Land Registry would reduce the processing times for requests for registration. Although interactions with beneficiaries of public services are digitalized, staff at the Cadaster need to manually conduct many steps on printed documents. Denmark and the Netherlands offer good examples to follow. Moreover, integration of Cadaster's database with other agencies, such as the Trade Registry, the Tax Authority, and the Beneficial Ownership Agency, would further streamline internal processes and interactions with beneficiaries. To the extent that other institutions keep and manage records with data relevant to property transfer or land administration, enabling the exchange of data between their databases increases the efficiency of the process. Automatic data exchange would spare the time for notifying the tax authority of each transfer of property. Latvia and Denmark provide good examples on developing platforms with interconnecting databases.

Relevant agencies: [Geodesy, Cartography and Cadaster Authority](#); [Ministry of Investments, Regional Development and Digitalization](#)

Consider adjusting the legal framework to make mandatory the verification of the identity of both parties involved in a transaction

In the Slovak Republic only the seller's identity is verified, not the identities of both transacting parties as internationally recognized good practices suggest. The Slovak Republic could follow Croatia's or Hungary's examples, where such a verification applies to the buyer too.

Relevant agencies: [Ministry of Justice](#); [Geodesy, Cartography and Cadaster Authority](#)



Property Transfer in the Slovak Republic

Areas of improvement for Property Transfer (2/2)



Introduce mechanisms for dealing efficiently with land disputes

For cases in which a party to a property transaction suffers damage or loss due to an error by the Land Registry, measures can be taken to improve the efficiency of the dispute settlement by making it possible to avoid having to go to court. Some countries—such as Ireland, Sweden and the United Kingdom—create funds to compensate parties that have suffered losses caused by mistakes in the Land Registry, especially when those mistakes cannot be corrected without affecting bona fide titleholders. Similarly, for disputes between private parties, the Slovak Republic could consider introducing arbitration as an alternative dispute resolution mechanism.

Relevant agencies: Ministry of Justice; Geodesy, Cartography and Cadaster Authority



Increase transparency by publishing responses to complaints at the Land Registry and statistics on land disputes

The Slovak Republic took some measures that make the system more transparent. The Cadaster publishes fee schedules and quality standards for the services it delivers. It has also made available an online complaint system. But responses to the complaints are not published. Doing so would increase transparency as well as accountability of the Cadaster's staff. Publishing annual statistics on the number and type of transactions completed by land registries and cadasters can further bolster transparency. Land Registries in Bulgaria, Croatia, Portugal and Romania publish statistics on the number and type of transactions and refresh them several times a year. The Slovak Republic could do the same. In addition, 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, the Slovak Republic could look at Finland or Latvia as examples of countries that make such data publicly available.

Relevant agencies: Geodesy, Cartography and Cadaster Authority; Ministry of Investments, Regional Development and Digitalization



4. Utility Services in Detail





4.1 Electricity Utility Service in the Slovak Republic



Pillar I:
Regulatory
Framework

Score (all cities):
93.8/100



Pillar II:
Public
Services

Score (all cities):
76.5/100



Pillar III:
Operational Efficiency

Score:
88.3 to **94.3/100**
Košice, Prešov Žilina

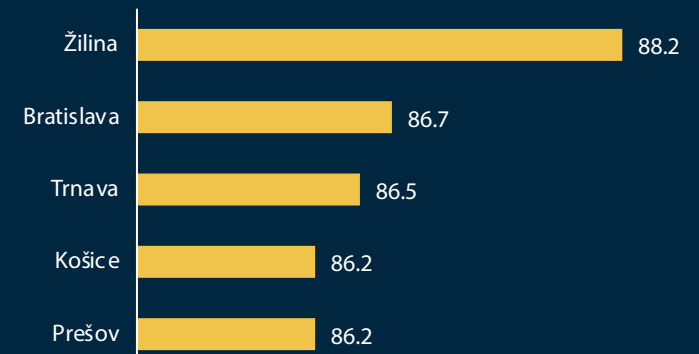
Time (days):	120 (Žilina) to 179 (Bratislava, Trnava)
Cost (% of income per capita*):	68.9% (Bratislava, Trnava) to 70.6% (Žilina)
SAIFI Index:	0.25 (Bratislava, Trnava) to 0.84 (Žilina)
SAIDI Index:	0.9 hrs (Bratislava, Trnava) to 4.0 hrs (Žilina)
% of annual sales losses due to electrical outages:	None
% of firms owning or sharing generators:	4% (Bratislava) to 22% (Žilina)

*The Slovak Republic's 2021 GNI per capita is EUR 17,451

Main findings

- The regulatory framework and the quality of public services for electricity provision in the Slovak Republic is consistent across the country (Pillar I and Pillar II). However, the time and cost for obtaining electricity connections differ, depending on the location (Pillar III).
- Obtaining a new connection is fastest in Žilina, where it takes four months, and slowest in Košice and Prešov, where it takes approximately six months.
- Electricity outages are more frequent in Žilina, while in Bratislava and Trnava customers benefit from a more stable supply.
- The Slovak Republic could enhance its regulatory framework by introducing joint planning and construction among various utility providers. This should include provisions for common excavation permits, coordinating sessions, and a "dig once" policy. Additionally, implementing a shared database for the network lines of multiple utilities, along with an online system for the coordination of excavation permit approvals, would further improve efficiencies. Also, the Slovak Republic could monitor and publish key performance indicators (KPIs) related to the sustainability of electricity service supply (Pillar I and II).

Overall Electricity Utility Service score per city*



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



Electricity Utility Service in the Slovak Republic

Why is the electricity utility service important?

- Reliable electricity sustains business operations and serves as a critical factor of production utilized by firms.³⁹
- 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.⁴⁰
- Performance standards, accountability mechanisms, and inspections and professional standards can ensure that utility companies provide sufficient and stable electricity.

³⁹ World Bank, 2016.

⁴⁰ OECD, 2015.

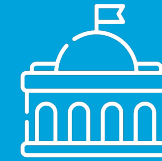
What does the Electricity Utility Service topic measure?



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 the Slovak Republic

Recent reforms and changes in the provision of electricity services

- In January 2023, a Regulatory Policy was adopted to establish a transparent and predictable regulatory environment that motivates investment and facilitates the effective implementation of European Union policies. The policy focuses on three main areas: i) renewable energy sources; ii) reduction of greenhouse gas emissions; and iii) increase in energy efficiency.
- Slovakian utilities have made significant progress towards digitalization: today, clients can apply for new connections electronically. The utility operating in Košice and Prešov went one step further: the processes there can be also completed via the regional utility mobile application.



Relevant laws and regulations in the Slovak Republic

- **Electricity Act (No. 251/2012):** regulates the energy market, measures the security of electricity and gas supply, and outlines the rights and obligations in the energy sector. It also covers the performance of state supervision and control over business activities in the energy sector. Additionally, the act stipulates the process for obtaining a new connection.
- **Decree of the Office for the Regulation of Network Industries (No. 236/2016):** establishes quality standards for the generation, transmission, and distribution of electricity.



Public institutions and services for getting electricity

- The **Regulatory Office for Network Industries (ÚRSO)** is the regulatory body for the energy sector. ÚRSO is the authority that oversees the energy market, sets tariffs, and ensures transparency, efficiency, and compliance with legal standards.
- There are **three distribution system operators** active in the five measured cities:
 - Východoslovenská distribučná a.s* (Košice and Prešov);
 - Stredoslovenská distribučná a.s.* (Žilina);
 - Západoslovenská distribučná a.s.* (Trnava and Bratislava).
 They are responsible for electricity distribution, maintenance, and investment in the grid within their licensed territories.
- **Local municipalities** issue excavation permits for public areas and unclassified roads. In cases involving natural protected areas within the city, local municipalities collaborate with the Ministry of Environment and the Ministry of Transport.
- **Other utility providers** play a role in coordinating and approving the process of infrastructure deployment for new electrical connections.



Electricity Utility Service in the Slovak Republic



Pillar I: Quality of Regulations for Electricity

Slovak Republic 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 the quality of electricity service based on performance standards

18.8/25

Utility infrastructure sharing and quality assurance mechanisms

- ✓ Financial deterrence and incentive mechanisms aimed at limiting electricity supply interruptions
- ✗ No joint planning and construction among various utility providers including provisions on common excavation permits, joint excavation, or 'dig once' policies

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

25/25

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-efficient practices
 - ✓ Deterrence or enforcement mechanism to ensure businesses' compliance with energy-saving targets
- Incentives for businesses to adopt energy-saving practices:**
- ✓ Financial and non-financial incentives to adopt energy-saving practices

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



Electricity Utility Service in the Slovak Republic



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

Slovak Republic score (all cities): **76.5** out of 100 points

10/25

Monitoring of services supply (includes gender and environment)

Requirements related to:

- ✓ Existence of KPIs to monitor the quality and reliability of the 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

22.7/25

Availability of information and transparency

Requirements related to:

Online availability of connection requirements:

- ✓ Required documents
- ✓ Required procedures
- ✓ Connection cost
- ✓ Stipulated time limits for connection
- ✓ Transparency of tariffs and tariff settings
- ✓ Complaint mechanisms and transparency of complaint processes
- ✓ Publication and announcement of planned outages
- ✗ Availability online of KPIs to monitor the environmental sustainability of electricity supply

18.8/25

Digital services and interoperability

Electronic features for electricity connection:

- ✓ Electronic application
- ✓ Electronic payments
- ✓ Tracking application

Interoperability at the utility level:

- ✓ Database for electricity distribution networks
- ✗ No 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
- ✗ No online system or coordination mechanism for excavation permit approvals

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



Electricity Utility Service in the Slovak Republic



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

Slovak Republic score: **88.3** to **94.3** out of 100 points
Košice, Prešov Žilina

- In the cities measured for this study, a 180 kVA connection is typically hooked to a low-voltage network.
- The process begins with the client submitting an online connection request to the utility, which then issues the technical conditions of the connection. At this stage, the utility also provides a cost estimate for the connection, along with a contract.
- The client pays the full connection fee to the utility. Connection works can start after the excavation permit is obtained from the municipality.
- Once the connection is completed, the customer chooses an electricity supplier from those available on the market and signs a supply contract. Then, the distribution utility installs a meter and electricity can start flowing.



Good practice in electricity provisioning in the Slovak Republic:

- Required documents, steps for a new connection, connection cost, and stipulated time standards are available on the utilities' websites.

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

Connection request (online)

- Agency: Distribution utility
- Average time: 30 days

Connection request

Connection works

Post-connection works

Excavation permit and external connection works

- Agency: Municipality and distribution utility
- Average time: 106 days

Source: Subnational Business Ready

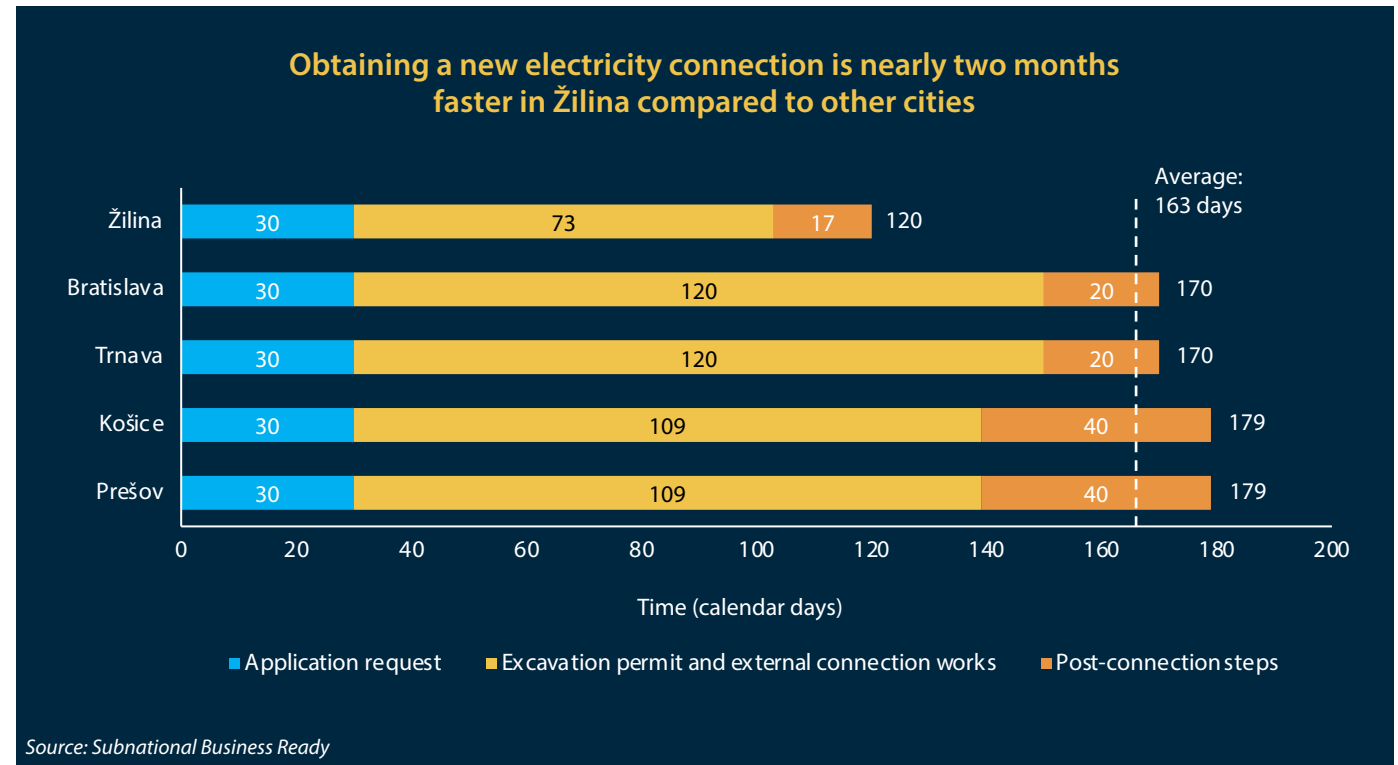


Electricity Utility Service in the Slovak Republic

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



- The average time of obtaining a new connection in the Slovak Republic is 163 days.
- Obtaining an electricity connection is fastest in Žilina, where it takes 120 days, and slowest in Košice and Prešov, where 179 days are needed. In Bratislava and Trnava, the process takes 170 days.
- The main variation in connection times across locations stems from the time it takes to obtain an excavation permit from the municipality and to complete the external connection works. This ranges from three months in Žilina to an average of five months in the rest of the country.
- The time it takes to complete the post-connection steps also varies: it takes less than three weeks in Žilina (17 days), Bratislava, and Trnava (20 days in both), but twice as much in Košice and Prešov (40 days).

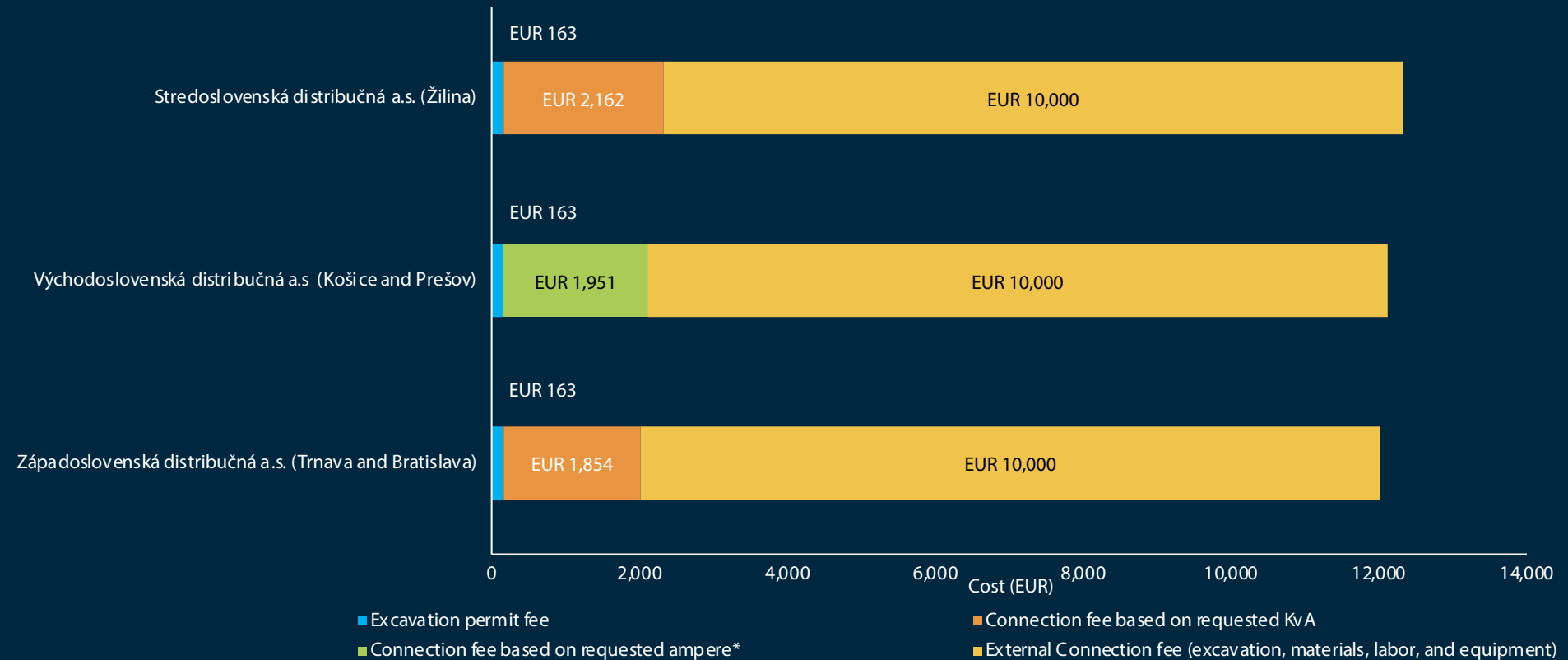




Electricity Utility Service in the Slovak Republic

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

The cost to obtain a new connection is EUR 308 higher in Žilina than in Bratislava and Trnava



Source: Subnational Business Ready

*In Košice and Prešov, the connection fee is based on the requested ampere (274 ampere), while in the rest of the cities, it is based on the connection kVA (180 kVA).



Electricity Utility Service in the Slovak Republic

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

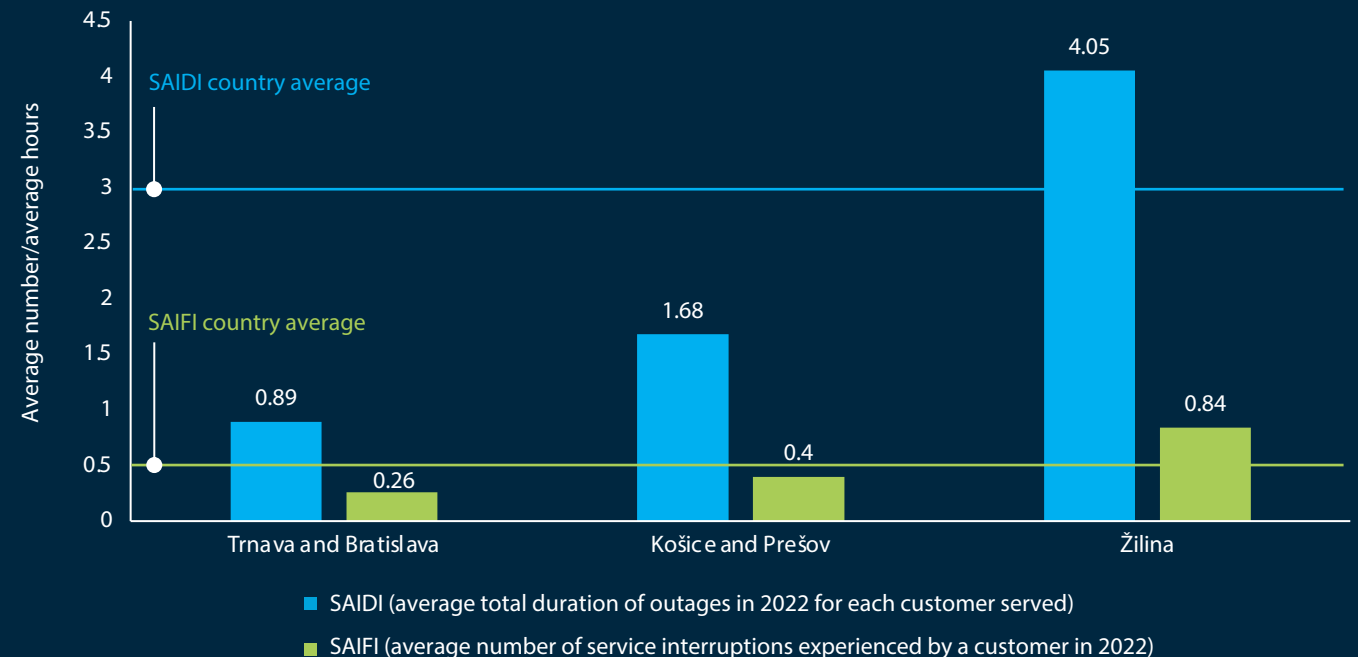
- In 2022, entrepreneurs in the Slovak Republic experienced 0.5 interruptions on average, each lasting more than two hours.
- There are notable differences among cities. Bratislava and Trnava had the least frequent interruptions (0.26), with each lasting less than an hour, on average.
- Customers in Košice and Prešov experienced an average of 0.4 interruptions, each lasting nearly 1.5 hours. Žilina recorded the highest frequencies and duration of outages, with an average of 0.84 interruptions, each lasting over 4 hours.

✓ Good practice in electricity provisioning in the Slovak Republic:

- Information on scheduled outages is published on each utility's website. Additionally, utilities provide real-time updates on unplanned interruptions.

Reliability of electricity supply (SAIDI and SAIFI) in 2022

Electricity outages are more frequent in Žilina, while customers enjoy the most stable supply in Bratislava and Trnava



Source: Subnational Business Ready



Electricity Utility Service in the Slovak Republic

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 Central Slovakia region (including Žilina) has the largest share of firms owning a generator (22%), while the lowest share (4%) is reported in the Bratislava region (see map).
- The national average of Slovakian firms owning generators is 11%, similar to the average in the European Union Member States benchmarked in 2024.
- Slovakian firms have not reported losses in their annual sales due to electrical outages.

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



Source: World Bank Enterprise Surveys 2023



Electricity Utility Service in the Slovak Republic

Areas of improvement for Electricity Service Provision



Increase transparency and accountability by collecting and publishing statistics

It is critical that the agencies involved in the process of getting electricity (municipalities, distribution utilities, electricity suppliers, various utility providers, etc.) make data on processing times publicly available. Publishing such data allows entrepreneurs to estimate wait 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. A similar data-driven report could help streamline the Slovak Republic'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 and public administrations to boost their performance.*

Relevant stakeholders: distribution utilities; Regulatory Office for Network Industries (ÚRSO)



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 are higher in Žilina is a critical enabler for improving the reliability of electricity supply. A distribution utility is the final link in the supply chain for electricity; many actors play key roles in its generation, transmission, and distribution. Multiple interdependent factors directly affect reliability. 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; Regulatory Office for Network Industries (ÚRSO)

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



4.2 Water Utility Service in the Slovak Republic

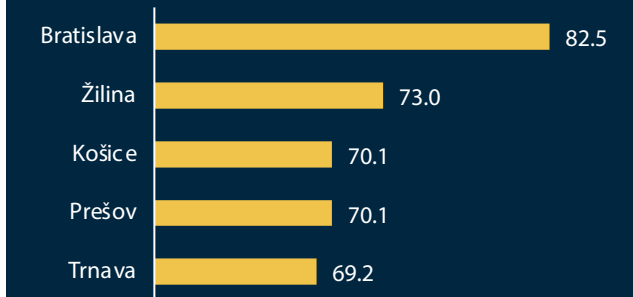


*The Slovak Republic's 2021 GNI per capita is EUR 17,451

Main findings

- In the Slovak Republic, obtaining a water connection typically takes 133 days and costs EUR 7,690. However, depending on where they are located, entrepreneurs have to cope with different response times.
- Among the five cities benchmarked, Bratislava stands out for the fastest processes. Firms in Bratislava wait little more than two months (69 days). The same process takes more than twice as much (158 days) in the two major cities of Eastern Slovakia, Košice and Prešov (Pillar III).
- Firms around the country profit from a reliable water supply system. The large majority of Slovakian firms have reported that they do not experience any water insufficiencies.
- Requirements and criteria for wastewater treatment, water conservation, and water quality are regulated by law. Liability regimes, inspections, and professional qualification standards for the industry are controlled as well. To further improve its regulatory framework, the Slovak Republic could introduce deterrence mechanisms (for example, fines, penalties) and/or non-financial incentives aimed at ensuring that businesses comply with water-saving practices. It could also introduce “dig once” policies, under which utility operators coordinate when performing connection works (Pillar I).
- Across the Slovak Republic, 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 have a database with existing water networks or a platform available to the public with information about planned works (Pillar II).

Overall Water Utility Service score per city*



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



Water Utility Service in the Slovak Republic

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.⁴¹
- Good regulatory frameworks are key for the provision of an affordable and high-quality water supply.⁴²
- Performance standards coupled with a system of incentives ensure efficient deployment of utility connections and an adequate water supply.⁴³

⁴¹ World Bank, 2017.

⁴² OECD, 2021.

⁴³ Foster and Rana, 2020.

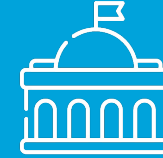
What does the Water Utility Service topic measure?



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 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 the Slovak Republic



Pillar I: Quality of Regulations for Water

Slovak Republic score (all cities): **86.5** out of 100 points

25/25

Regulatory monitoring of tariffs and service quality

- ✓ Monitoring of tariffs
- ✓ Monitoring of quality of water service

18.8/25

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)

25/25

Safety of utility connections

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

17.7/25

Environmental sustainability

- ✓ Existence of requirements and standards to ensure that utilities supply clean water (except requirement to carry out radiological tests)
- ✓ Existence of requirements for sustainable wastewater practices
- ✓ Existence of regulation on establishing rules for wastewater reuse
- ✗ Existence of deterrence mechanisms (for example, fines, penalties) or non-financial incentives aiming at ensuring businesses' compliance with 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 the Slovak Republic



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

Slovak Republic score: **71.3** to **80.6** out of 100 points
Trnava Bratislava, Žilina

15/25

Monitoring of service supply (includes gender and environment)

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

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 water connections

25/25

Availability of information and transparency

Online availability of connection requirements:

- ✓ Public availability of documents and procedures required for connecting
- ✓ Public availability of cost of connecting
- ✓ Public announcement of planned outages

Online availability of:

- ✓ Existence of complaint mechanisms and transparency of complaint processes
- ✓ Public availability of stipulated connection time standards
- ✓ Public availability of KPIs to monitor the environmental sustainability of water supply

Trnava:

6.3/25

Košice,
Prešov:

9.4/25

Bratislava,
Žilina:

15.6/25

Digital services and interoperability

- ✓ Availability of electronic payments for connection fees
- ✓ Availability of a database for water networks (**except in Trnava**)

Bratislava, Žilina:

- ✓ Availability of electronic applications for new connections
- ✓ Availability of a platform with information about planned works on utility networks

Košice, Prešov, Trnava:

- ✗ No availability of electronic applications for new connections
- ✗ No availability of a platform with information about planned works on utility networks

All cities:

- ✗ Availability of a shared database for the network lines of multiple utilities, including electricity, water, and internet
- ✗ Possibility of tracking application status online or via a digital application
- ✗ Coordination mechanisms to issue excavation permits for different utility networks at once

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



Water Utility Service in the Slovak Republic



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

Slovak Republic score: **49.5** to **80.5** out of 100 points
Košice, Prešov Bratislava

The water connection process

To obtain a water connection, entrepreneurs first submit an application to the local water utility services. Different utilities operate in each location, except Košice and Prešov, where the largest operator is common (see map). After performing an onsite inspection, the utility provides the applicant with a connection contract. Once the contract is accepted and signed, the entrepreneur must obtain an excavation permit from the local municipality. The utility, or one of its contractors, can then perform the excavation and connection works. Upon a final inspection, the installation of a meter, and the signature of a supply contract, water can start flowing.

How does the water connection process work in the Slovak Republic

Step 1

The customer applies for a water connection and receives a contract from the water utility

Step 2

The customer obtains an excavation permit from the local municipality

Step 3

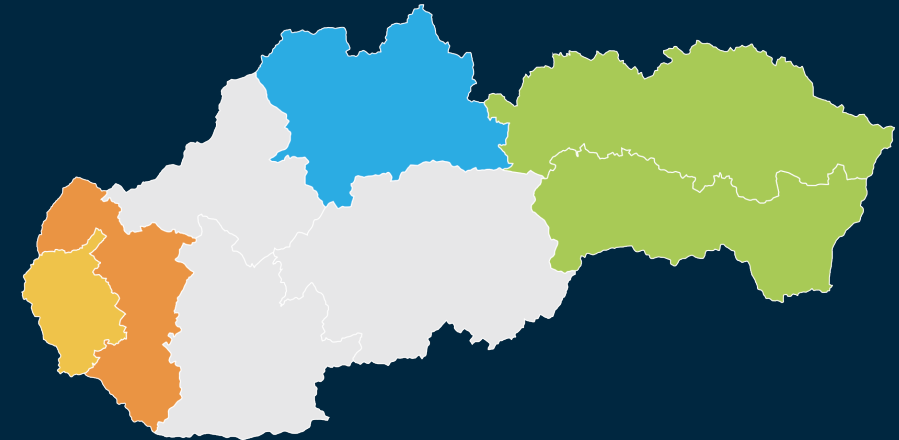
Water utility performs external connection works and installs a meter

Step 4

The customer signs a supply contract and water can start flowing

Source: Subnational Business Ready

Water utility service suppliers, by region



- Bratislavská vodárenská spoločnosť, a.s. (BVSAS)
- Trnavská vodárenská spoločnosť, a.s. (TAVOS)
- Severoslovenské vodárne a kanalizácie a.s. (SEVAK)
- Východoslovenská vodárenská spoločnosť, a.s. (VVS)

Source: Subnational Doing Business



Water Utility Service in the Slovak Republic

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

Across Slovakian cities, obtaining a water connection takes from 69 days to more than twice as much

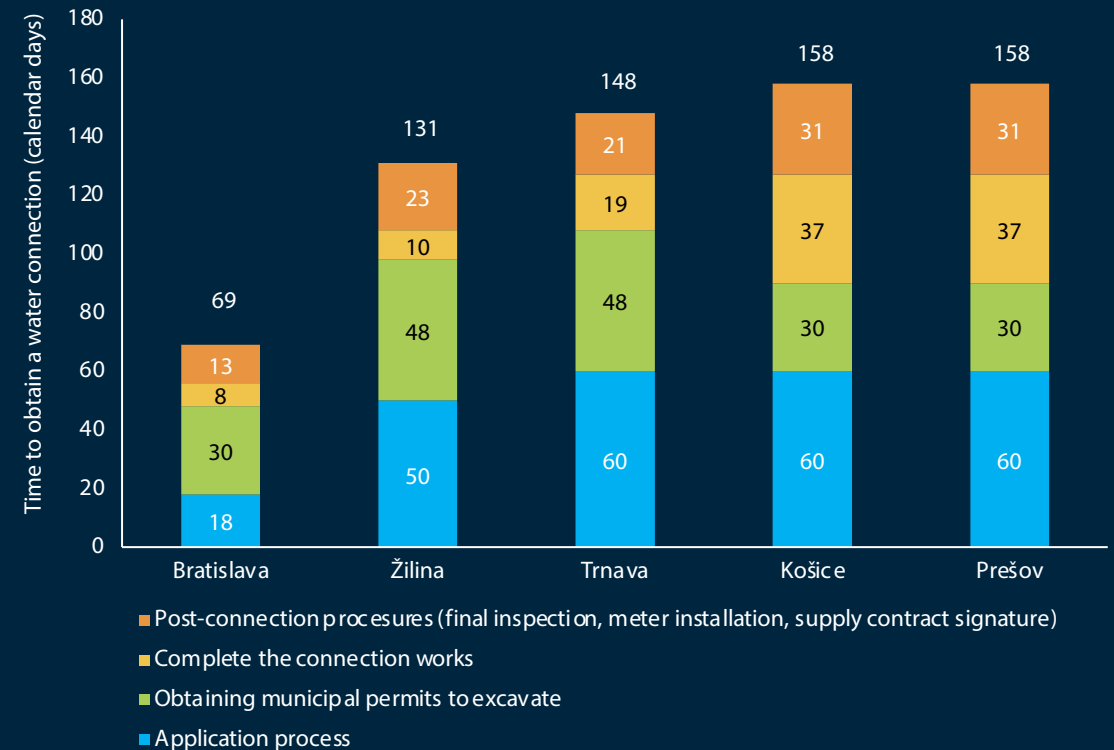
The process of getting a water connection varies substantially within the Slovak Republic. In fact, the two main stakeholders involved in the process are local authorities:

- 1) the local water utility, that is in charge of verifying the feasibility of a new connection, approving the related request, excavating, and physically connecting the building to the existing network; and
- 2) the municipality, that approves the excavation needed to build the connection.

Entrepreneurs can obtain a water connection fastest in Bratislava. The water utility operating in the capital is faster than any other in processing applications for new connections and in performing the connection works. There, customers wait less than 20 days to get a reply on their requests, and eight days to get the connection works done. In the rest of the country, processing applications and confirming technical conditions takes between 50 days (in Žilina) and two months (in Trnava, Košice, and Prešov). Completing the connection works in Žilina takes a similar time as in Bratislava (10 days), but customers in Trnava wait almost twice as much (19 days), and those in the eastern cities of Prešov and Košice, more than a month (37 days). This difference in turnaround times is not due to the duration of the material works itself (connecting the entrepreneur to the water point), which is similar across cities, but rather due to the time it takes for a team from the utility to be available and come onsite to perform the works.

Differences in time exist also in the other steps of the process. Obtaining an excavation permit from the municipality takes between a month (in Bratislava, Košice, and Prešov) and 48 days (in Trnava and Žilina). Getting through the final steps between the end of the works and when water can flow takes approximately two weeks in Bratislava, again thanks to the efficiency of the utility and the availability of technicians, while the same process takes around three weeks in Trnava and Žilina and a month in Košice and Prešov.

Obtaining a water connection is fastest in Bratislava and slower in Eastern Slovakia



Source: Subnational Business Ready



Water Utility Service in the Slovak Republic

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



Reliability of water supply: 2% or less of firms experience water insufficiencies, depending on location

Most firms across Slovakian regions experience either none or minor instances where water supply is insufficient. In the Bratislava and Central regions (where Bratislava and Žilina are) no firms reported experiencing service interruptions, while in the Western (Trnava) and Eastern (Košice and Prešov) regions, 2% firms reported having experienced such instances.

Percentage of firms experiencing water insufficiencies, by region*



Source: World Bank Enterprise Survey 2023

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



Water Utility Service in the Slovak Republic

Areas of improvement for Water Service Provision



Introduce incentives aimed at ensuring that businesses comply with water-saving practices

In most aspects, entrepreneurs in the Slovak Republic enjoy a regulatory framework on par with internationally recognized good practices. An independent regulator (*Úrad pre reguláciu sieťových odvetví*, ÚRSO, the Regulatory Office for Network Industries) oversees water tariffs, sets performance standards for utilities, and establishes financial deterrence mechanisms to ensure the reliability of water services. Requirements and standards for water quality, to promote water savings and to treat wastewater are set by law. Qualification requirements for professionals operating in the sector, inspections, and liability regimes are also regulated. However, to bring the regulatory framework to an even higher standard, the Slovak Republic could introduce deterrence mechanism (for example, fines, penalties) and/or non-financial incentives aimed at ensuring that businesses comply with water-saving practices. It could also introduce “dig once” policies, under which utility operators coordinate when performing connection works.

Relevant stakeholders: municipalities; water utilities; Regulatory Office for Network Industries (ÚRSO)



Introduce regular multistakeholder meetings to coordinate the processing of excavation permits

Even in the fastest cities, obtaining an excavation permit for a water connection takes at least a month. To speed up this process, Slovakian cities could introduce regular meetings to coordinate activities among representatives from the local municipality, electricity and water utilities, the roads agency, and other relevant parties. In the absence of a nationally regulated “dig once” policy, cities could consider following this practice to decrease the waiting time on issuing excavation permits.

Relevant stakeholders: municipalities; water utilities



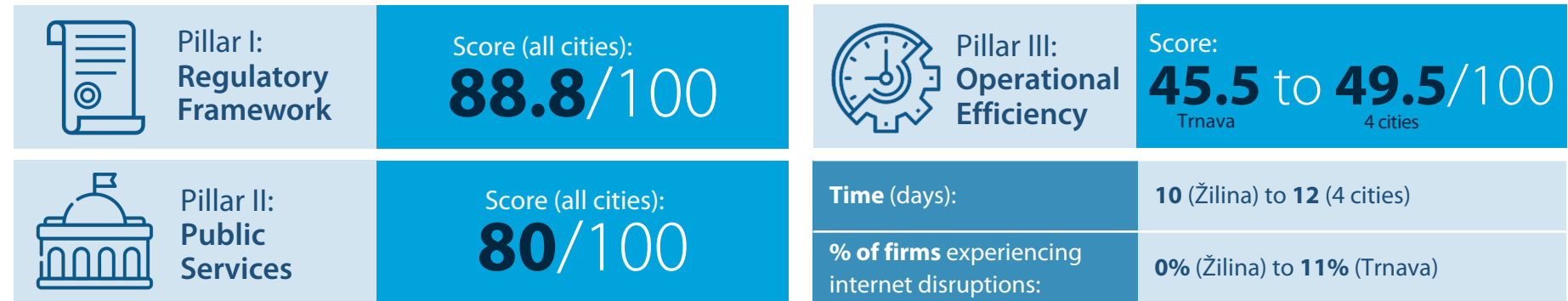
Introduce online applications for water connections

Across the Slovak Republic, customers can already pay connection fees online, and the utilities in Bratislava and Žilina offer the possibility to apply by email. Other functionalities could be digitalized as well. As a first step, utilities operating in Košice, Prešov, and Trnava could allow clients to apply via email. In the longer run, all utilities could develop a platform and a mobile application to apply and track the status of their requests. Similarly, a complete digitalization of the request for permission from the municipalities would decrease the overall time to get a new water connection in the Slovak Republic.

Relevant stakeholders: water utilities



4.3 Internet Utility Service in the Slovak Republic



Main findings

- The quality of internet regulations (Pillar I) and the quality of governance and transparency (Pillar II) are uniform across the Slovak Republic. The differentiator among cities is the operational efficiency of internet provision (Pillar III), where one city reported different waiting times for internet connections and other cities experienced variations in internet disruptions.
- In line with good international practices, the Slovak Republic's Regulatory Authority for Electronic Communications and Postal Services (RÚ) oversees wholesale connectivity tariffs. Nevertheless, the regulator does not monitor adherence to performance standards to ensure service quality and reliability. Competent authorities can initiate investigations for anticompetitive practices
- The Slovak Republic's regulatory framework establishes provisions for joint planning and construction ('dig once' policies), rights of way, and open Infrastructure access, as well as for infrastructure sharing, such as access to passive and active infrastructure, and local loop unbundling. Nevertheless, the country lacks an online system to manage excavation approvals, as well as an agency in charge of coordinating excavation permits.
- The regulatory framework sets financial deterrence and incentive mechanisms aimed at limiting internet service outages or slowdowns. It also establishes liability and a legal right to pursue compensation for personal data protection breaches, as well as clear provisions for reporting data breach incidents.
- Internet service providers (ISPs) in the Slovak Republic publish online planned outages, and key performance indicators (KPIs) of service provision are publicly available. RÚ provides comprehensive information to guide customers to file complaints about digital connectivity. It also publishes information online on complaints made to Internet service providers.
- While in Bratislava, Košice, Prešov, and Trnava the waiting time for an internet connection is 12 days, in Žilina it takes 10 days thanks to the higher availability of technicians.
- Overall, 5% of Slovak firms reported experiencing internet disruptions, while in the Central Slovakia region (including Žilina) none of the surveyed businesses reported experiencing this problem. More than 10% of businesses from the Western Slovakia region (including Trnava) reported experiencing internet disruptions, the highest across the country.

Overall Internet Utility Service score per city*



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



Internet Utility Service in the Slovak Republic

Why is the internet utility service important?

- The internet supports business operations and is used as a factor of production by firms.⁴⁴
- 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.⁴⁵
- Performance standards coupled with a system of incentives compel internet service providers (ISPs) to ensure adequate supply of high-speed broadband internet service.⁴⁶

⁴⁴ World Bank, 2016.

⁴⁵ World Bank, 2017.

⁴⁶ Foster and Rana, 2020.

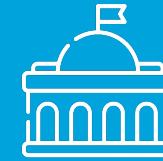
What does the Internet Utility Service topic measure?



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 the 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 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 the Slovak Republic



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

Slovak Republic score (all cities): **88.8** out of 100 points

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

18.8/25

Regulatory monitoring of tariffs and service quality

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

40/40

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 the Slovak Republic



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

Slovak Republic score (all cities): **88.8** 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 Office of the National Security Authority, 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

5/10

Environmental sustainability

- ✓ Regulation establishing environmental reporting or disclosure of voluntary standards for digital connectivity and data infrastructures
- ✗ 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)

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



Internet Utility Service in the Slovak Republic



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

Slovak Republic score (all cities): **80** out of 100 points

Digital services and Interoperability

6.3/6.3

Electronic applications for internet connections

- ✓ Availability of electronic application and online tracking application of new commercial internet connections

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

0/6.3

Coordination mechanisms for excavation permits

- ✗ No online system to manage excavation permits
- ✗ Lack of an agency in charge of coordinating excavation permits

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



Internet Utility Service in the Slovak Republic



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

Slovak Republic score (all cities): **80** out of 100 points

Availability of information and Transparency

3.8/5

Transparency of connection requirements

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

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

5/5

Transparency of tariffs and tariffs settings

- ✓ Internet monthly fees available online; changes in internet tariffs are communicated to the public at least one billing cycle in advance
- ✓ Availability of formulas (published online in the customer bill) describing how end-user internet tariff levels are calculated

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 including: entity in charge of managing the complaints, necessary documents and steps to file a complaint, and criteria of the complaint mechanism

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



Internet Utility Service in the Slovak Republic



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

Slovak Republic score (all cities): **80** 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 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 the Slovak Republic do not carry out gender-disaggregated customer surveys to measure 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 cybersecurity agency to 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

- ✓ The complaint 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 the Slovak Republic



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

Slovak Republic score: **45.5** to **49.5** out of 100 points
Trnava 4 cities

How does the process of connecting to internet work in the Slovak Republic

Step 1

The process to obtain a new fixed broadband internet connection for commercial purposes does not show differences across the five measured cities. Before requesting a new internet connection, the customer chooses a service provider and fills out an online application with the description of the site and its parameters.

In the selected ISP's web application portal (or mobile application), the customer can confirm the parameters, procedures, and cost suggested by the service provider. To contract the service, it is necessary to submit some documentation such as the company's certificate.

Step 2

The customer receives a notification through the ISP's website (or via telephone or email, if the customer chooses to do so) about planning for a courier visit. The courier goes to the chosen location on the specified date and the customer signs the contract (the customer can also receive a digital copy, if preferred).

If a long-term contract is signed, the customer does not have to pay installation costs. However, if a loyalty plan is not signed, the installation cost is, on average, EUR 13.

Step 3

After the signing of the contract, the ISP contacts the customer to agree on a date and time for a technician to carry out the installation.

Source: Subnational Business Ready



Internet Utility Service in the Slovak Republic

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



Time: **10 to 12 days**

Time (days) to get an internet connection across the Slovak Republic



Source: Subnational Business Ready

- On average, the waiting time to get an internet connection across the five measured cities is almost 12 days, which is higher than in the other countries included in this study.
- Although the administrative headquarters of companies are mostly based in Bratislava, due to its low rents and central location, most technical support offices are located in Žilina, which is well known as the center of engineering, technical, and infrastructure services in the Slovak Republic. For this reason, Žilina hosts a significant amount of the country's technical workforce, resulting in shorter times to get an internet connection.

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



Source: Subnational Business Ready



Internet Utility Service in the Slovak Republic

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

Percentage of firms experiencing internet disruptions, by region*

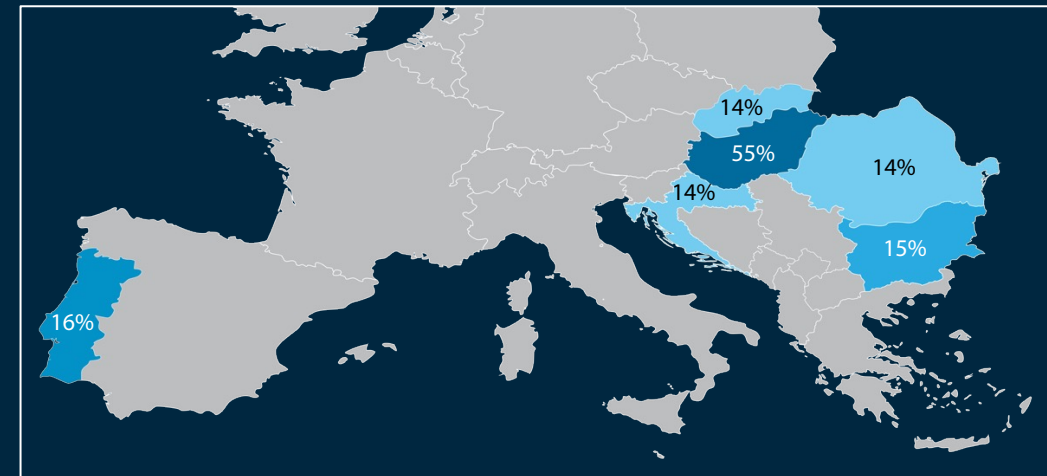


Source: World Bank Enterprise Surveys 2023

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

- Overall, 14% of Slovak firms reported experiencing internet disruptions, while in the capital region of Bratislava only 9% experienced disruptions.
- More than 22% of businesses from the Western Slovakia region (including Trnava) reported experiencing internet disruptions, the highest across the country.
- Internet reliability in the Slovak Republic is on par with the other EU economies measured in 2023, except for Hungary, where 55% of firms experienced disruptions in internet services.

Percentage of firms experiencing internet disruptions (country averages)



Source: World Bank Enterprise Surveys 2023



5. Dispute Resolution in Detail





Dispute Resolution in the Slovak Republic



Pillar I:
Regulatory
Framework

Score (all cities):
79.4/100



Pillar III:
Ease of Resolving
a Commercial
Dispute

Score:
86.8 to **93.3/100**
Bratislava Košice



Pillar II:
Public
Services

Score (all cities):
77.4/100

Time (days):

Court litigation: **690** (Prešov) to **1,198** (Bratislava)

Enforce a judgment: **45** (Košice, Prešov) to **56** (Žilina)

Cost
(% of claim value*):

Court litigation: **16.5%** (Košice, Trnava) to **17.5%** (Prešov)

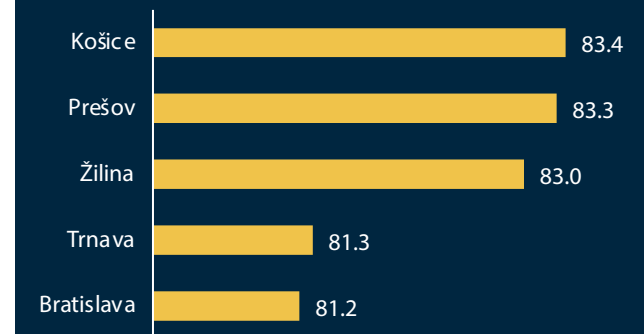
Enforce a judgment: **0.75%** (4 cities) to **1%** (Prešov)

*For a claim value of EUR 349,020, equal to 20 times the 2021 GNI per capita.
The Slovak Republic's 2021 GNI per capita is EUR 17,451

Main findings

- In the Slovak Republic, the Regulatory Framework (Pillar I) and the Public Services (Pillar II) for dispute resolution apply uniformly across the country.
- The Slovak Republic introduced judicial reforms in 2023. As a result, there are now judges specialized only in commercial cases. This was done with the creation of a separate commercial court in Bratislava and commercial divisions within existing first instance courts in Košice, Trnava, Prešov, and Žilina.
- Time for court litigation varies across the country (Pillar III). The process takes the longest in Bratislava (1,198 days), while Prešov has the fastest time (690 days). This is mainly due to the time necessary to schedule the first trial hearing as well as the waiting time between hearings when a hearing is postponed. These times are longer in courts where judges have a higher caseload in their dockets and experience case backlogs.
- Costs for court litigation vary slightly across the Slovak Republic (Pillar III). Court fees are regulated at the national level, so variations are mainly due to the differences in fees that attorneys charge for their services.

Overall Dispute Resolution score per city*



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



Dispute Resolution in the Slovak Republic

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.⁴⁷
- Reliability of the judiciary is equally important: strong court systems attract more investors and expansion of business.⁴⁸

⁴⁷ Moro, Maresch, and Ferrando. 2018; Koutroumpis and Ravasan, 2020.

⁴⁸ World Bank, 2004; Staats and Biglaiser, 2011; World Bank, 2019.

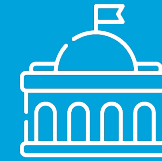
What does the Dispute Resolution topic measure?



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

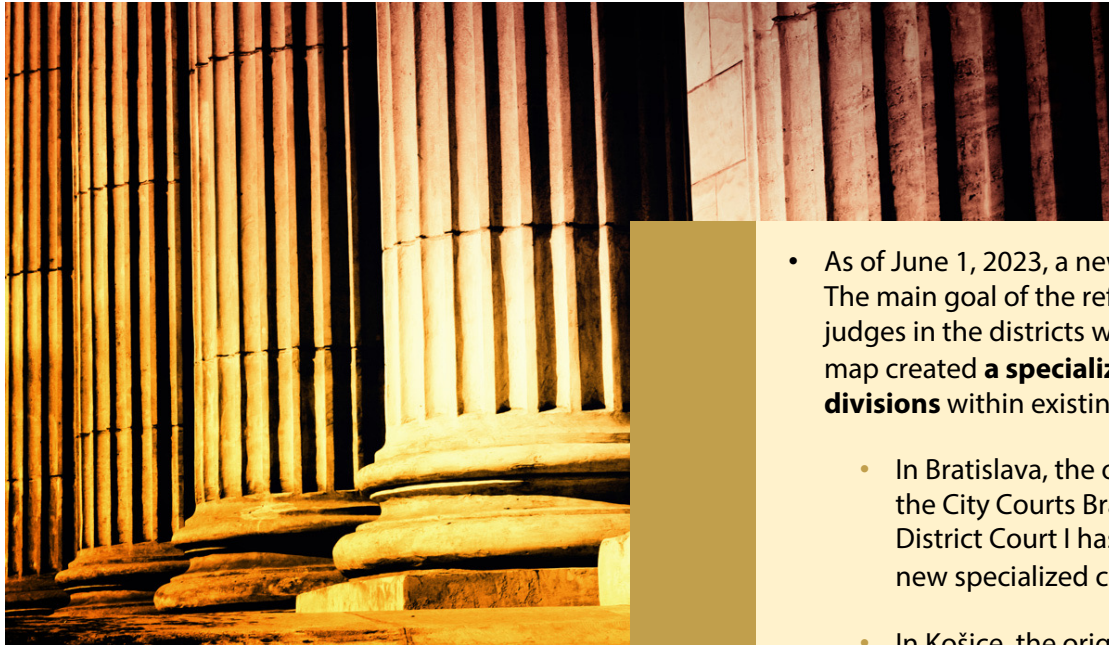
- Time and cost for court litigation (first instance, mediation, and appeal procedures)
- Time and cost to enforce a final domestic judgment
- Time and cost for an arbitration procedure
- Time and cost for recognition and enforcement of foreign judgments and foreign arbitral awards

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



Dispute Resolution in the Slovak Republic

Recent reforms and changes in dispute resolution since 2018



- As of June 1, 2023, a new court map was implemented in the Slovak Republic. The main goal of the reform was to enlarge judicial districts by having more judges in the districts who specialize in one type of court cases. The new court map created a **specialized commercial court in Bratislava and commercial divisions** within existing district courts in the cities measured for this study.
 - In Bratislava, the original Bratislava District Courts I to IV were renamed as the City Courts Bratislava I to IV. According to the new map, the Bratislava District Court I has been replaced by City Court Bratislava III, which is the new specialized commercial court.
 - In Košice, the original Košice District Courts I to III, have now been reformed and included in the newly created City Court Košice, with a specialized division of the court that hears only commercial cases.
 - District Courts in Trnava, Žilina, and Prešov also have newly created specialized divisions that hear only commercial cases.



Dispute Resolution in the Slovak Republic

Relevant legislation and main stakeholders



Relevant laws and regulations in the Slovak Republic

- **Act no. 160/2015 Coll. Civil Dispute Code:** regulates civil court proceedings in the Slovak Republic.
- **Act no. 233/1995 Coll. on Enforcement Agents:** regulates the status, rights, and duties of enforcement agents.
- **Act no. 305/2013 Coll. on e-Government:** stipulates the provisions for use of electronic services and digital platforms in the Slovak Republic.
- **Act no. 244/2002 Coll. on Arbitration:** stipulates rules for organization and main principles of arbitration procedures in the Slovak Republic.
- **Act no. 420/2004 Coll. on Mediation:** regulates rules for conducting mediation procedures in the Slovak Republic.
- **Act no. 655/2004 Coll. on Remuneration and Compensation of Lawyers for Provision of Legal Services:** regulates the official fee schedule for attorneys.
- **Act no. 71/1992 Coll. on Court Fees and Fee for Extract from Criminal Record:** regulates fees in court procedures.



Public institutions and services for dispute resolution

- **Courts:** according to the new court map, newly renamed City Courts or District Courts with specialized divisions to hear commercial cases.
- **Enforcement agents:** private enforcement agents designated and authorized by the State to carry out the enforcement of court decisions.
- **Electronic portal www.slovensko.sk:** electronic platform providing guidance to users on available digital public services and the opportunity to communicate with public authorities.
- **Arbitration institutions:** Arbitration Court of the Slovak Bar Association and Arbitration Court of the Slovak Chamber of Commerce and Industry.
- **Mediation institutions and mediators:** private institutions and individuals participating in out-of-court mediation procedures.
- **Electronic court files elektronicky-sudny-spis:** digital platform allowing the parties and their representatives to access court documents and case-related information.



Dispute Resolution in the Slovak Republic



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

Slovak Republic score (all cities): **79.4** out of 100 points

Court litigation

28.4/40

Procedural certainty

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

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 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 the Slovak Republic



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

Slovak Republic score (all cities): **79.4** out of 100 points

Alternative dispute resolution

13.9/16.7

Legal safeguards in arbitration

- ✓ Arbitrability of intellectual property disputes
- ✓ Disclosure of arbitrators' conflict of interest
- ✓ Parties have the right to question arbitrators' independence and impartiality
- ✓ Arbitration of commercial disputes with state-owned enterprises and public bodies
- ✓ Selection of arbitrators regardless of professional qualification, gender, and nationality
- ✓ Selection of legal counsel regardless of professional qualification, gender, and nationality
- ✗ No third-party funding in investor-state arbitration
- ✗ No arbitrability of immovable property disputes
- ✗ Court cannot recognize and enforce an interim arbitral award

10.4/16.7

Legal safeguards in mediation

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

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



Dispute Resolution in the Slovak Republic



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

Slovak Republic score (all cities): **77.4** out of 100 points

20.4/22.2

Organizational structure of courts

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

16.7/22.2

Digitalization of court processes

- | | |
|---|---|
| ✓ Electronic filing of initial complaint | ✓ E-payment of court fees, e-tracking of cases, online access to court schedule |
| ✓ Electronic service of initial complaint | ✓ Issuing of court decisions in electronic format |
| ✓ Exchange of documents through an electronic platform | ✗ No online auctions |
| ✓ Electronic communication with courts and enforcement agents | ✗ No virtual hearings conducted when requested by parties neither in all or in urgent matters |
| ✓ Admissibility of digital evidence | |

Digitalization of court processes

- The Slovak Republic implements numerous international good practices for the digitalization of court processes. Parties in the Slovak Republic can file the initial claim and statement of defense through the **e-Claims** platform (obcan.justice.sk/ezaloby). Filing of documents through the e-Claims platform is based on predefined digital forms available on the website.
- Service of initial complaints and case-related documents are usually processed through the official **slovensko.sk** portal (www.slovensko.sk) into the electronic mailbox established for each legal entity in the Slovak Republic. The electronic mailbox for both natural persons and legal entities is set up automatically, while the latter are obligated to use it for communicating with public authorities. Court judgments are usually delivered through the electronic mailbox.
- Parties to the court case can access documents and information through the **Electronic Court File** digital platform (elektronicky-sudny-spis).

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



Dispute Resolution in the Slovak Republic



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

Slovak Republic score (all cities): **77.4** out of 100 points

15.9/22.2

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
- ✓ Publication of judgments of first instance courts
- ✓ Information of appointment and promotion of judges is public
- ✓ Statistics on the number of judges disaggregated by individual court and sex are 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

Publication of judgments

- The Slovak Republic publishes all judgment at the supreme, appellate and first instance levels in a searchable database. The judgments are available for the public free of charge and published at the official website of the Ministry of Justice of the Slovak Republic (sudy-a-rozhodnutia/sudy/rozhodnutia/).

11.1/16.7

Public services for arbitration (includes gender)

- ✓ Availability of commercial arbitration
- ✓ Published roster of all arbitrators
- ✓ Virtual conferences in arbitration
- ✓ Electronic signing of arbitral awards
- ✗ No specific online platform for arbitration
- ✗ No publications of summaries of arbitral awards
- ✗ No publication of statistics on time and number of cases in arbitration

13.3/16.7

Public services for mediation (includes gender)

- ✓ Availability of commercial mediation
- ✓ Publicly available roster of all mediators
- ✓ Financial incentives to use mediation is available
- ✓ Virtual conferences in mediation
- ✓ Electronic filing of a request to mediate
- ✓ Electronic signing of a mediation agreement
- ✗ No available statistics on the number of cases per category resolved through mediation
- ✗ No available statistics 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 the Slovak Republic

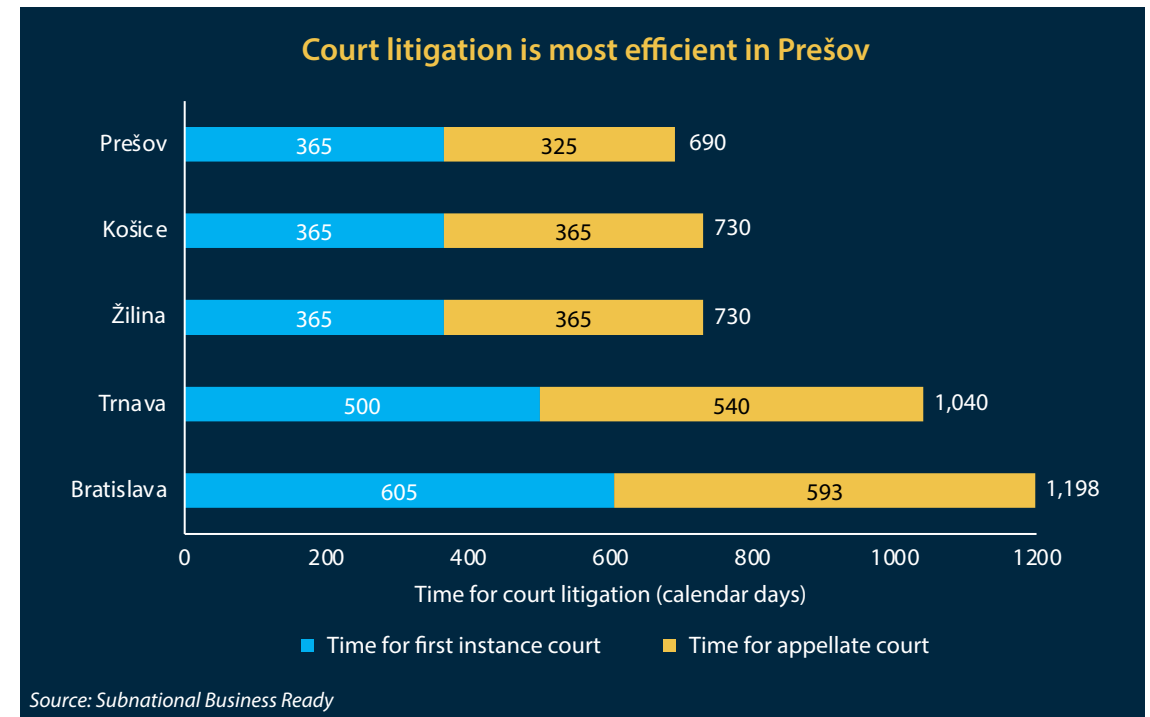


Pillar III: Operational Efficiency and Reliability of Court and Arbitration Processes (1/5)

Slovak Republic score: **86.8** Bratislava to **93.3** Košice out of 100 points

- The first instance procedure takes the longest time in Bratislava with 605 days, followed by Trnava with 500 days. In the remaining three cities, Košice, Prešov, and Žilina, it takes a year to adjudicate a commercial case at the first instance level.
- Time to schedule a first hearing is the major driver of time differences. In Bratislava it takes 280 days, while the court in Trnava takes 260 days to schedule the first hearing from the moment the initial complaint is served. The same procedural step takes only 120 days in Košice and Žilina. Moreover, time between hearings is the longest in Bratislava with 160 days, while in Žilina it takes only two months (60 days).
- Bratislava is economically the most developed city in the Slovak Republic. The city also experiences the highest number of commercial cases as most business entities are registered there. The court in Bratislava has the highest number of total cases, as well as of unresolved cases per judge among all courts in the Slovak Republic.* In 2022, the court in Bratislava had 449 unsolved cases per judge, while the Košice court had only 138 unresolved cases per judge at the end of that year.
- The Court in Bratislava also had the highest number of incoming commercial cases among the cities measured for this study. In 2022, courts in Bratislava received 3,753 commercial cases while courts in Žilina received only 644. Among the cities measured for this study, Bratislava had the lowest clearance rate for commercial cases in 2022, at only 68%. Courts in Žilina and Košice had high clearance rates of 143% and 121% of incoming commercial cases vs. resolved commercial cases, respectively.
- Both Bratislava and Trnava have a backlog of cases from previous years, which impacts the judges' schedule and available slots to schedule new hearings. According to the judges interviewed for this study, the court in Trnava experienced a large backlog of cases in the past, which is gradually being resolved. Finally, the court in Bratislava experiences high mobility of judges.

Time (days) for court litigation: **690** to **1,198**



*Source: Annual Report of the Circulation of Cases in District Courts of the Slovak Republic for 2022. Statistics for courts cases take the Bratislava District Court I and the Košice District Court I as courts authorized to hear and adjudicate commercial cases.



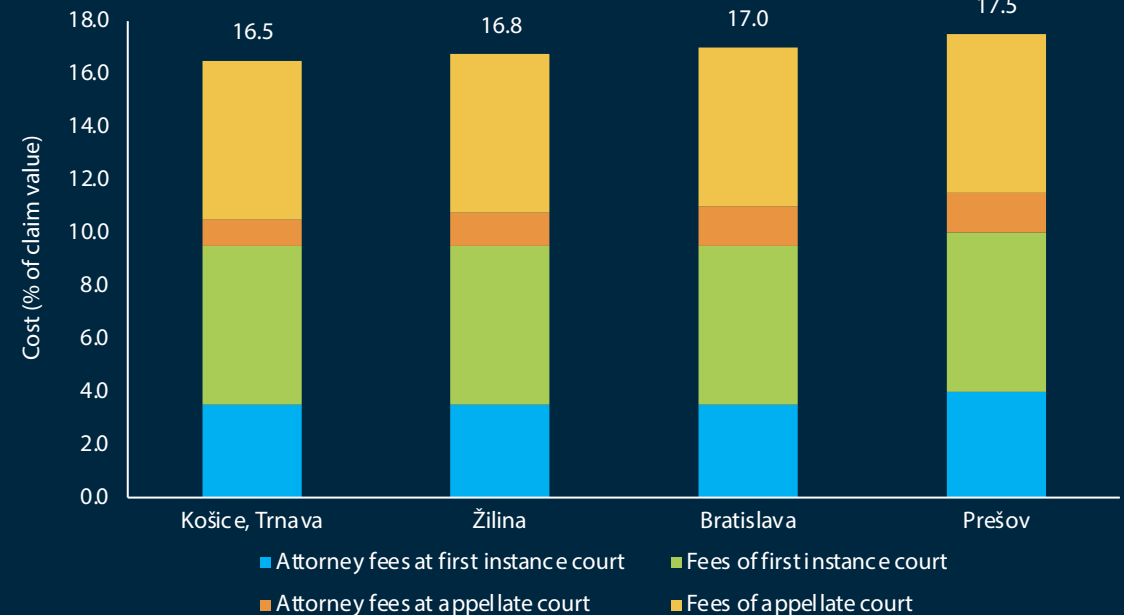
Dispute Resolution in the Slovak Republic

Pillar III: Operational Efficiency and Reliability of Court and Arbitration Processes (2/5)

Cost of court litigation (% of claim value): **16.5% to 17.5%**

- Court fees for first instance and appellate levels are nationally regulated. According to Act no. 71/1992 Coll. on Court Fees and Fee for Extract from Criminal Record, court fees for filing of an initial complaint as well as for the appeal should be equal to 6% of the claim value.
- Attorney fees across the country vary minimally. In four out of five cities—namely Bratislava, Košice, Trnava, and Žilina—lawyers charge 3.5% of the claim value for representing the parties at the first instance court. Lawyers in Prešov charge a slightly higher amount, at 4% of the claim value.
- Most lawyers interviewed for this study charge their fees based on the tariff per legal action as specified in Act no. 655/2004 Coll. on Remuneration and Compensation of Lawyers for the Provision of Legal Services. According to the Act, fees for any procedural step (legal action) for the claim value presented in this study is EUR 1,136. The main difference is that lawyers in Prešov count slightly more procedural steps for which they charge, compared to lawyers in the remaining four cities.
- A similar pattern is seen in the attorney fees for preparing and filing an appeal. Lawyers in Košice and Trnava charge 1% of the claim value, followed by Žilina with 1.25%, and Bratislava and Prešov, where lawyers charge 1.5% of the claim value.

Court litigation is less expensive in Košice and Trnava



Source: Subnational Business Ready



Dispute Resolution in the Slovak Republic

Pillar III: Operational Efficiency and Reliability of Court and Arbitration Processes (3/5)

- In the Slovak Republic, a final domestic judgment issued in commercial dispute is enforced by the private enforcement agent that exercises powers of public authority.

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

Lawyer sends an enforcement request to the District Court of Banska Bystrica, usually together with the payment of a filing fee (EUR 16.5).

Enforcement agent receives the case and locates the debtor's bank accounts.

The debtor and the creditor receive notification of the start of the search of assets. The debtor is invited to voluntarily pay the claim within 15 days.

If there is no voluntary payment from the debtor, the enforcement agent shall issue enforcement order, seize the bank account funds and transfer them to the creditor.

Source: Subnational Business Ready



Dispute Resolution in the Slovak Republic

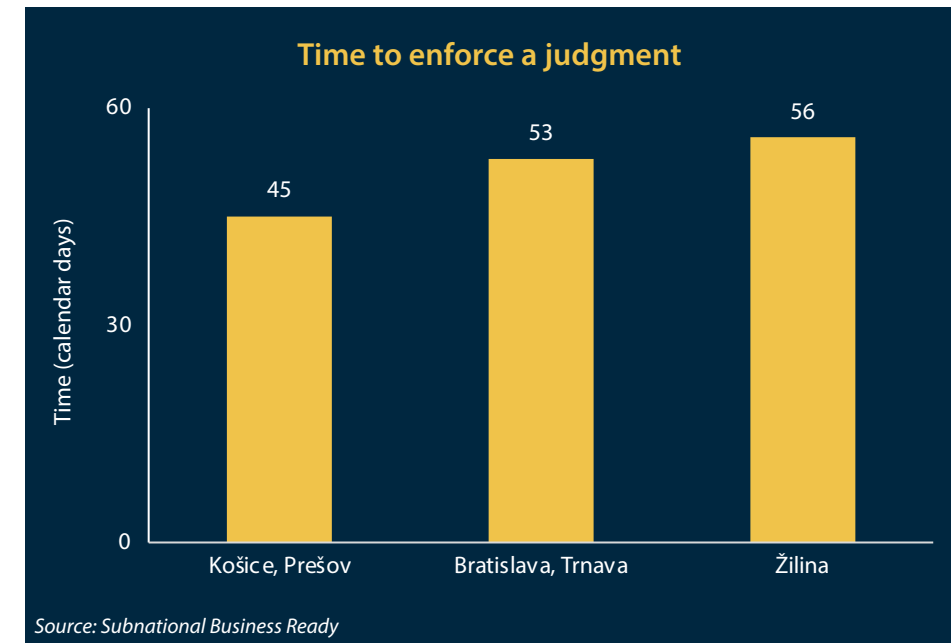
Pillar III: Operational Efficiency and Reliability of Court and Arbitration Processes (4/5)

Time (days) to enforce a judgment: **45 to 56**

- Enforcing a final domestic judgment takes 45 days in Prešov and Košice, 53 days in Bratislava and Trnava, and 56 days in Žilina.
- The minor difference among cities is mostly due to the time necessary for conducting certain steps of the enforcement process. According to the enforcement agents interviewed for this study, the debtor, after receiving notification of the start of an enforcement process, uses the legal option of filing a request to suspend the proceeding. Although the suspension request is in most cases not successful, debtors use it constantly as a delay tactic.
- Furthermore, commercial banks, in their everyday practice, do not always promptly transfer the seized funds to enforcement agents. By prolonging this procedural step, banks cause further delays in the effective completion of the enforcement process.

Cost to enforce a judgment (% of claim value): **0.75% to 1%**

- Enforcement costs consist of attorneys' fees. Lawyers charge 1% in Prešov and 0.75% in the remaining four cities for the enforcement process. Renumeration for an enforcement procedure is half the rate of a civil procedure. All lawyers interviewed for this study charge fees according to the official tariff per legal action. However, lawyers in Prešov count one additional action, which causes slightly higher attorney fees.
- The creditor also pays a fee for the filing of an enforcement request of EUR16.5 (0.004% of the claim value). However, this fee is paid out of the debtor's seized funds and is not considered as a cost to enforce a judgment.



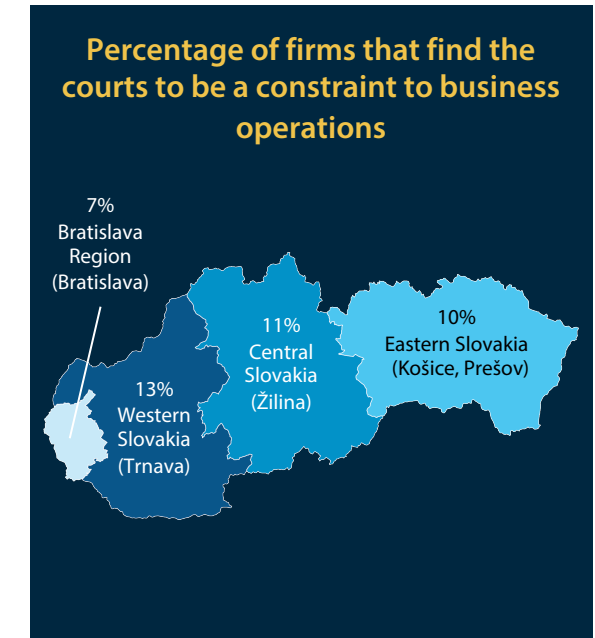
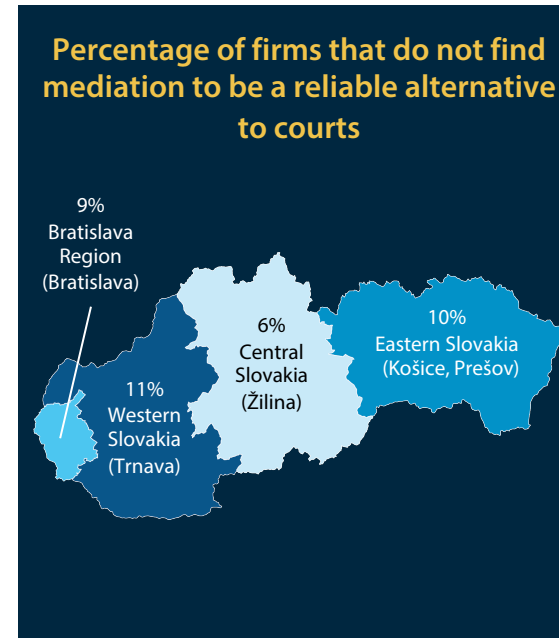
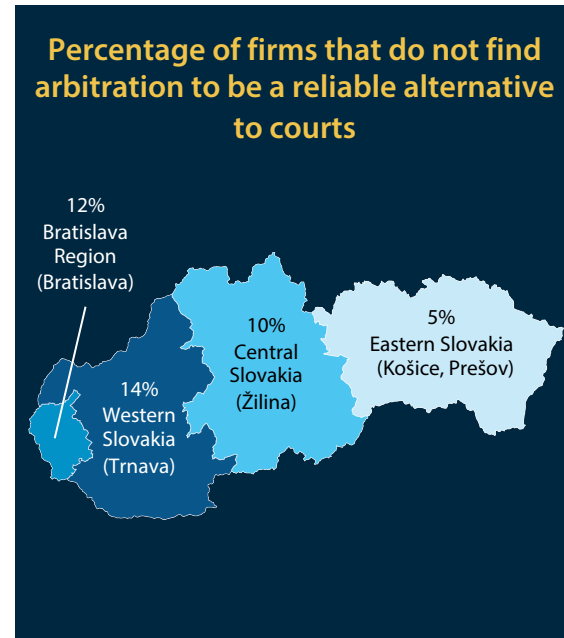
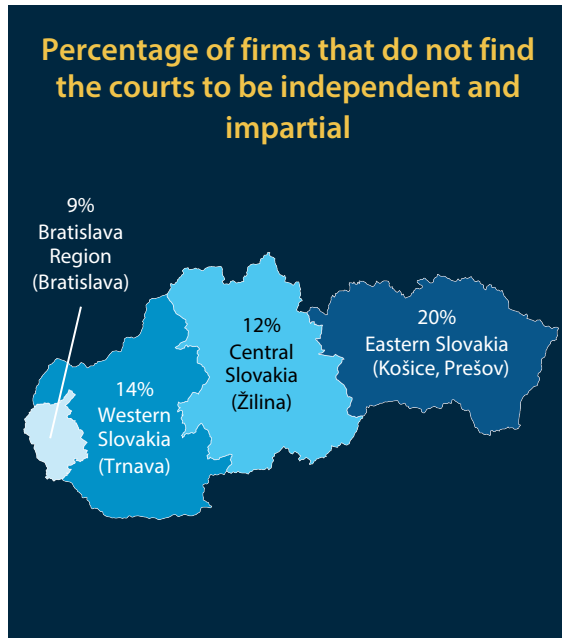


Dispute Resolution in the Slovak Republic

Pillar III: Operational Efficiency and Reliability of Court and Arbitration Processes (5/5)

Reliability of courts and alternative dispute resolution (ADR)

- Among regions surveyed in the Slovak Republic, the Western Slovakia region (including Trnava) has the greatest share of firms that find ADR mechanisms an unreliable alternative to courts.
- Countrywide, 13% of Slovak firms do not find the courts to be independent and impartial.
- Countrywide, only 10% Slovak firms find courts to be a constraint to business operations.



Source: World Bank Enterprise Surveys, <https://www.enterprisesurveys.org/>

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



Dispute Resolution in the Slovak Republic

Areas of improvement for Dispute Resolution



Improve case management by introducing strict time limits and a maximum number of adjournments

The implementation of case management techniques that establish clear rules on procedure timelines contributes to more efficient courts. The Slovak Republic could introduce strict time limits for serving the defendant, filing a statement of defense, and issuing an expert opinion. Having precise time limits for the most important procedural steps helps to limit lawyers' delay tactics and enhance the predictability of commercial litigation.

Another case management technique that the Slovak Republic could establish is setting clear rules on the maximum number of adjournments that can be granted in a commercial case. Currently, the Slovak Republic does not have any rules on the maximum number of adjournments. Without such strict rules, commercial disputes could extend beyond a reasonable timeline.

The Slovak Republic could look at other European Union Member States and replicate solutions implemented therein. For example, in Greece there are rules on the maximum number of adjournments. Greek judges can grant a maximum of one adjournment before the case is tried. Strictly implementing this rule could improve the effectiveness of Slovak commercial litigation and be beneficial for entrepreneurs and the private sector.

Relevant stakeholder: Ministry of Justice; local courts



Promote alternative dispute resolution mechanisms

The regulatory framework in the Slovak Republic includes numerous good international practices in arbitration and mediation procedures. Furthermore, the country implements good international practices that support public services for these procedures. However, entrepreneurs and legal practitioners do not often use the available alternative dispute resolution mechanisms and instead choose to initiate court litigation to resolve disputes.

Alternative dispute resolution can enhance court efficiency by reducing the number of disputes that end up in courts. The Slovak Republic could promote such mechanisms and encourage private sector stakeholders to use them more often. Notably, competent arbitration institutions (those established under the Slovak Bar Association and the Slovak Chamber of Commerce and Industry) set clear rules of procedure, make the roster of arbitrators publicly available, and allow electronic signing of arbitral awards.

Using arbitration more often in the resolution of commercial disputes could allow entrepreneurs to save time and money spent on court procedures. This could also result in a reduced caseload for judges and of backlog of cases in courts across the country. The country could promote arbitration as a relevant alternative dispute resolution mechanism and introduce digital platforms to make the arbitration process more efficient and transparent. The Slovak Republic could replicate the example of Hungary. The website of the Hungarian Chamber of Commerce and Industry hosts a repository of decisions and publishes summaries of arbitral awards.

Relevant stakeholder: Ministry of Justice; local courts



6. Business Insolvency in Detail





Business Insolvency in the Slovak Republic



Pillar I:
Regulatory
Framework

Score (all cities):
77.2/100



Pillar III:
Operational
Efficiency

Score:
31.3 to **89.3/100**
Bratislava Prešov



Pillar II:
Public
Services

Score (all cities):
80/100

Time (months):

Liquidation: **24** (Prešov) to **39** (Žilina)

Reorganization: **11** (Prešov) to **20** (Žilina)

Cost (% of market value of
the insolvent company*):

Liquidation: **6%** (Prešov) to **25%** (Bratislava)

Reorganization: **7.5%** (Prešov) to **15%** (Bratislava)

*For an insolvent's company market value of EUR 2,617,650, equal to 150 times the 2021 GNI per capita. The Slovak Republic's 2021 GNI per capita is EUR 17,451

Main findings

- The Slovak Republic's insolvency framework encompasses a large variety of good practices such as Out-of-Court Restructuring and Automatic Stay of Proceedings, which enhance efficiency and fairness across the board.
- All major Slovak cities have commercial law divisions with specialized judges focused on insolvency, ensuring an expert handling of cases. This specialization is supported by ongoing education for both judges and administrators.
- Liquidation and reorganization times vary significantly, with Prešov being the most efficient and cost-effective, whereas cases in Žilina and Bratislava take longer and are costlier, reflecting regional disparities in case complexity and judicial resources allocation.
- The requirement for unsecured creditors to be satisfied at a minimum of 50% has significantly curtailed reorganization efforts across the Slovak Republic (see the 'Areas of improvement' section). According to [2022 statistics](#), the number of reorganization requests was notably low, with only seven in Bratislava, six each in Žilina, Prešov, and Košice, and just four in Trnava.
- While proceedings are managed via the digital platform slovensko.sk, promoting transparency and efficiency, there is a notable lack of electronic auctions and online creditors' meetings outside of Žilina, due to insufficient technical equipment.
- There is a critical need to strengthen regulations to ensure timely bankruptcy filings by companies upon recognizing signs of insolvency, as current penalties appear insufficient to enforce compliance effectively.

Overall Business Insolvency score per city*



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



Business Insolvency in the Slovak Republic

Why is business insolvency important?

- An efficient insolvency system promotes new firm creation and encourages greater entrepreneurial activity.⁴⁹
- 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.⁵⁰

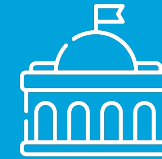
What does the Business Insolvency topic measure?



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>

49 Cirmizi, Klapper, and Uttamchandani, 2012.

50 Menezes, 2014.



Business Insolvency in the Slovak Republic



Pillar I: Quality of Regulations for Judicial Insolvency Proceedings

Slovak Republic score (all cities): **77.2** out of 100 points

Information and procedural standards in insolvency proceedings

27/30

Legal and procedural standards

- ✓ Obligations of the company's management during pre-Insolvency
- ✓ Out of court restructuring mechanisms
- ✓ Electronic voting of reorganization plans
- ✓ Protection of dissenting creditors in reorganization
- ✓ Conversion from reorganization to liquidation allowed
- ✓ Insolvency administrators' requirements established by law
- ✓ Mechanisms for selection and dismissal of insolvency administrators
- ✗ No automatic creditor notification upon initiation of proceedings

33.6/50

Debtor's assets and creditor's participation

- ✓ Automatic stay of proceedings
- ✓ Continuation of existing essential contracts
- ✓ Rejection of burdensome contracts
- ✗ No provisions on post-commencement credit availability in the case of liquidation
- ✗ No provisions on voidance of preferential and undervalued transactions

16.7/20

Specialized insolvency proceedings and international insolvency

- ✓ Specialized insolvency proceedings for micro and small enterprises
- ✓ Existence of framework and recognition of foreign insolvency proceedings
- ✓ Legal framework for cooperation with foreign courts



RELEVANT LAWS AND REGULATIONS:

- Act No. 7/2005 Coll. on Bankruptcy and Reorganization, as amended
- Act No. 8/2005 Coll. on Insolvency Administrators, as amended
- Act No. 111/2022 Coll. on Solving Impeding Bankruptcy, as amended
- Decree No. 655/2005 Coll. of the Ministry of Justice of the Slovak Republic implementing certain provision of Act No. 7/2005 Coll. on Bankruptcy and Reorganization, as amended

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



Business Insolvency in the Slovak Republic



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

Slovak Republic score (all cities): **80** out of 100 points

The level of quality of institutional and operational infrastructure for insolvency processes is consistent across Slovak cities.

30/40

Digital services (e-Courts) in insolvency proceedings

- An insolvency proceeding held before the court is conducted via the digital platform slovensko.sk. This platform facilitates the electronic filing and visualization of procedures for debtors, creditors, insolvency administrators, and judges.
- The progress of the insolvency proceeding can also be observed via an electronic court file, which reflects all documents, submissions, and proposals delivered to or issued by the court.
- There are no electronic auctions.
- Except in Žilina, online creditors' meetings are not held due to a lack of technical equipment. Additionally, it is important to note that court hearings are not conducted online in any city of the Slovak Republic.

30/40

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

- The data related to reorganization and bankruptcy proceedings are published in the [Insolvency Registry \(Register úpadcov\)](#).
- Documents related to reorganization and bankruptcy proceedings are published in the Commercial Bulletin (*Obchodný vestník*).
- The Ministry of Justice maintains statistics related to reorganization and bankruptcy proceedings.
- Judgments and the official list of insolvency administrators are publicly available on the Ministry of Justice's website.
- The administrative entity responsible for overseeing and disciplining judicial administrators is the Ministry of Justice.
- Interoperability with external systems has not yet been implemented in Slovak cities.



Business Insolvency in the Slovak Republic



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

Slovak Republic score (all cities): **80** out of 100 points

10/10

Specialization of courts with jurisdiction on reorganization and liquidation proceedings

- Commercial law divisions are established in courts across all surveyed cities in the Slovak Republic, each featuring a specialized sub-division dedicated to insolvency.
- Specialized judges in such sub-divisions focus specifically on the insolvency agenda, ensuring that insolvency cases are always handled by experts in the field.
- The structured presence of insolvency-specialized divisions and judges underscores the Slovak Republic's robust framework for managing business insolvency cases.

10/10

Insolvency administrators' expertise in practice

- Act No. 8/2005 Coll. on Insolvency Administrators outlines the profession's requirements, which include:
 - ✓ Full legal capacity
 - ✓ Trustworthiness
 - ✓ Professional experience in the field of law or economics
 - ✓ Passing an admission exam
 - ✓ Insurance for damage liability
- Insolvency administrators are randomly assigned to cases and are selected only from the list of insolvency administrators who have an office established in the district of the regional court where the relevant bankruptcy court is located.



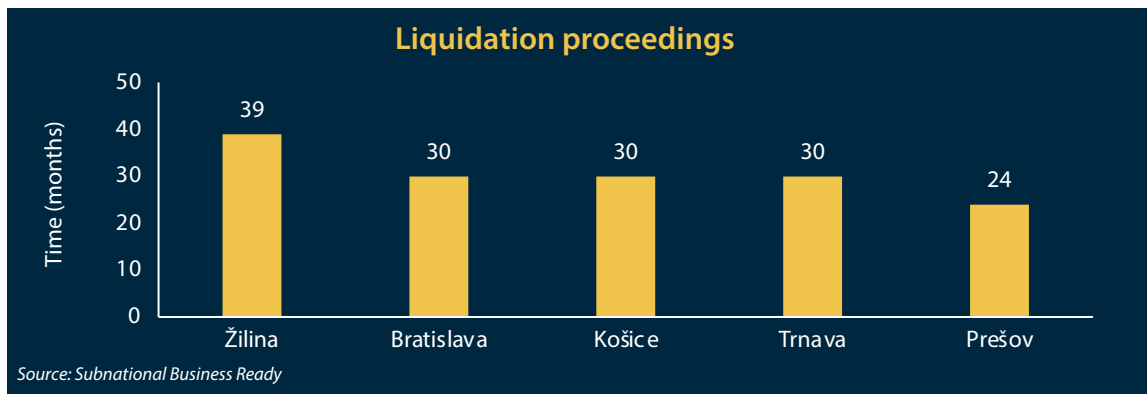
Business Insolvency in the Slovak Republic



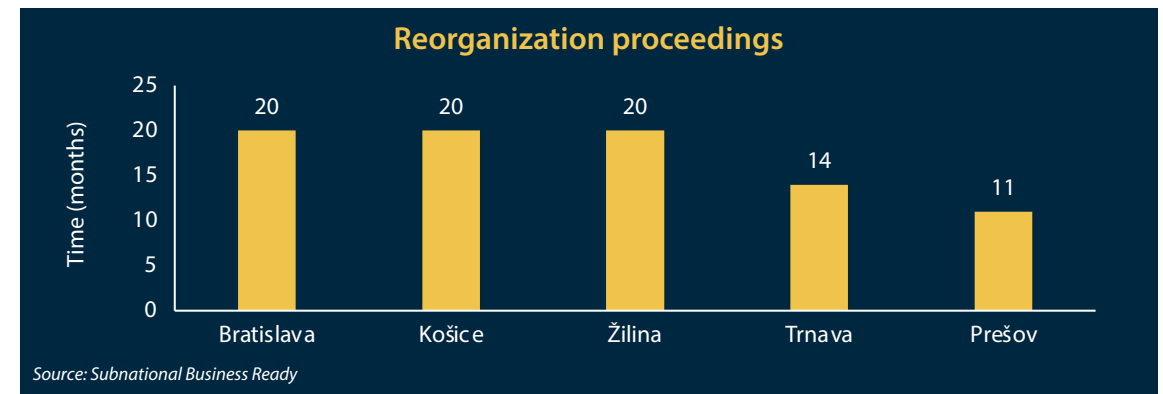
Pillar III: Operational Efficiency of Resolving Judicial Insolvency Proceedings (1/3)

Slovak Republic score: **31.3** Bratislava to **89.3** Prešov out of 100 points

Time for liquidation and reorganization proceedings



- Uniform duration across main economic centers:** Liquidation processes typically span around 30 months in Bratislava, Košice, and Trnava, indicating a standardization in procedure duration in these economically vibrant areas.
- Extended duration in Žilina:** Žilina reports the longest liquidation period at 39 months. The local judiciary in Žilina attributes the extended duration of liquidation to the complex nature of the cases, which requires a more detailed approach. This complexity possibly stems from Žilina's significant role as a strategic transportation hub and a center for the automotive industry, which involves substantial investments and diverse business activities. This focus on detailed case handling highlights Žilina's unique procedural priorities, which may differ from other cities without suggesting any overall quality differences.
- Efficient liquidation in Prešov:** With a duration of only 24 months, Prešov stands out as the most efficient city for liquidation, likely due to fewer and smaller cases handled, supported by sufficient judicial and administrative resources.
- Challenges influencing efficiency:** Frequent judge turnover and underutilization of digital tools impact the overall efficiency of the liquidation process.



- Standard reorganization duration:** Bratislava, Košice, and Žilina share a reorganization process length of around 20 months, highlighting consistency in these major cities.
- Significantly faster reorganization in Prešov:** Prešov demonstrates remarkable efficiency with an 11-month reorganization process, facilitated by local court efficiency and cases with lower complexity.
- Moderate duration in Trnava:** Reorganization in Trnava takes 14 months, below the average of 17 months across other regions, positioning it between the fastest and slowest. Its faster process benefits from the city's proximity and economic ties to Bratislava.
- Impact of digitalization and judicial staffing:** The lack of digitalization in certain areas and high judge turnover notably affect the pace of reorganization proceedings, particularly in Bratislava.



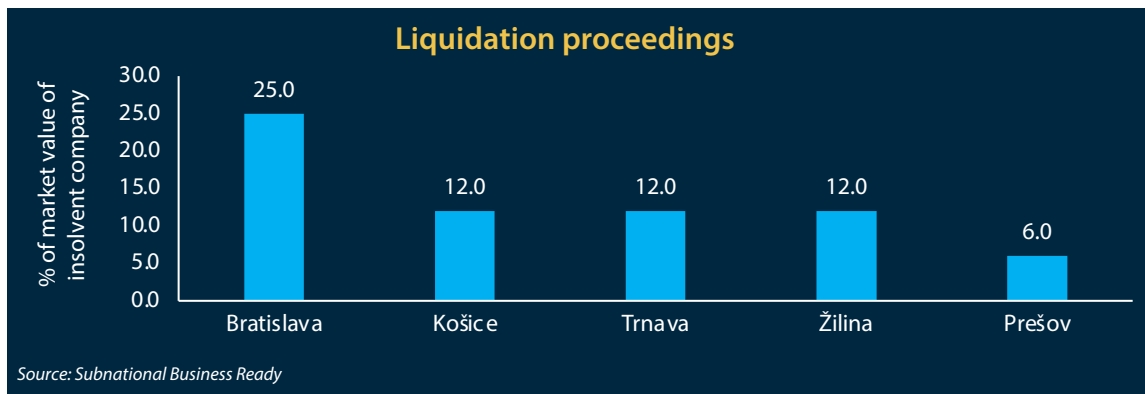
Business Insolvency in the Slovak Republic



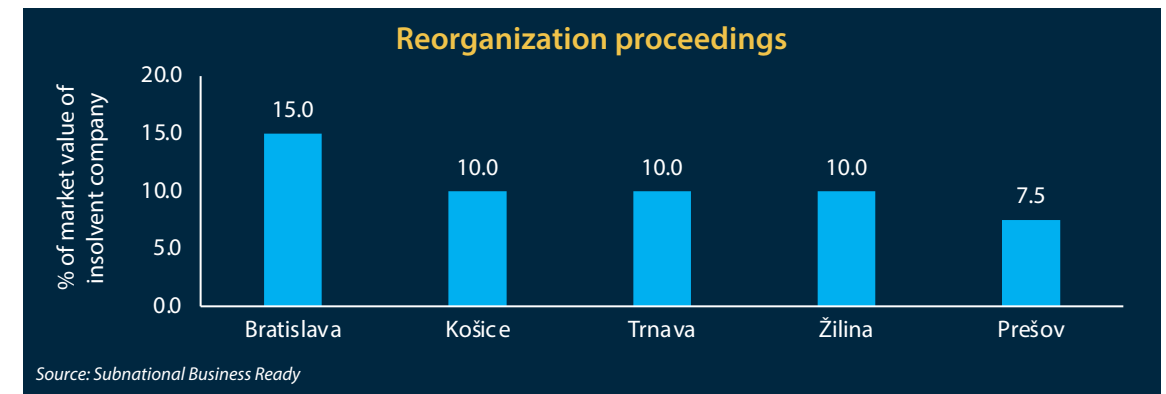
Pillar III: Operational Efficiency of Resolving Judicial Insolvency Proceedings (2/3)

Slovak Republic score: **31.3** to **89.3** out of 100 points
 Bratislava Prešov

Cost of liquidation and reorganization proceedings



- **Bratislava—highest costs:** At 25%, Bratislava exhibits the highest liquidation costs, attributed to the length of cases in the capital and market forces driving up lawyers' and insolvency administrators' fees.
- **Prešov —most cost-effective:** With the lowest cost at 6%, Prešov is the most economical city for liquidation. This efficiency is likely due to the predominance of small and medium enterprises, which generally have fewer and simpler cases that are quicker to resolve.
- **Uniform costs in other cities:** Košice, Trnava, and Žilina each have a consistent cost of 12%, suggesting a standard cost framework for liquidation across these cities.
- **Impact of fixed fees:** Nationally, no fees are charged for initiating liquidation or registering claims, but key costs include fixed advance payments to preliminary insolvency administrators.



- **Bratislava—most expensive for reorganization:** At 15%, the cost in Bratislava is the highest, reflecting the city's status as a major economic hub with complex reorganization cases and substantial legal representation fees.
- **Prešov—lowest reorganization costs:** Costs are just 7.5% in Prešov, underscoring its status as the most cost-effective city for both liquidation and reorganization, due to simpler and quicker case handling.
- **Consistent costs in other major cities:** In Košice, Trnava, and Žilina, reorganization costs are uniformly around 10%, indicating a level of parity in handling expenses across these locations.
- **Structured fee system:** The reorganization process involves fixed fees at the national level for insolvency administrators, including a significant initial fee for taking over a case (EUR 10,000), with ongoing monthly fees based on the size of the debtor's estate.



Business Insolvency in the Slovak Republic

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



Good practices in the Slovak Republic's insolvency framework

Comprehensive insolvency framework with strategic legal practices

The Slovak Republic's insolvency framework is robust, designed to enhance both efficiency and fairness across the board. This strength is exemplified through key legal practices including **Out-of-Court Restructuring Mechanisms** that accelerate the resolution process by bypassing lengthy court cases, and **Protection of Dissenting Creditors in Reorganization**, ensuring all parties' rights are upheld. Additional measures like the **Automatic Stay of Proceedings** and the flexibility to **Reject Burdensome Contracts**, streamline the recovery path, minimizing complications. Furthermore, recognizing the specific challenges faced by **Micro and Small Enterprises**, the Slovak Republic offers **Specialized Insolvency Proceedings**, which provide quicker and more flexible resolutions for these essential economic players.

Judicial expertise and continuous learning

Building on this solid legal foundation, the Slovak Republic emphasizes **judicial specialization** to ensure that insolvency cases are adjudicated by knowledgeable and experienced judges. This focus on specialization is complemented by a **commitment to continuous education** of both judges and insolvency administrators. Such educational initiatives intend to keep these professionals up-to-date with the latest practices and legal standards, further enhancing the quality and effectiveness of the insolvency process. For instance, in 2024, the Ministry of Justice of the Slovak Republic released a compilation of various voluntary educational initiatives aimed at enhancing the skills of insolvency administrators, with the objective of improving the quality of insolvency proceedings.



Business Insolvency in the Slovak Republic

Areas of improvement for Business Insolvency proceedings



Review the requirement for creditors to be satisfied with at least 50% of their claims in reorganization proceedings

One significant challenge within the Slovak Republic's insolvency framework is the mandatory requirement that unsecured creditors must be satisfied with at least 50% of the amount of the respective claim in reorganization proceedings, as stipulated under Article 154 of the Insolvency Act, effective since January 1, 2017. Having been in place for over seven years, it is possible to assess its impact, which notably includes a diminished motivation among debtors to opt for reorganization proceedings. This high threshold can often deter debtors from opting for reorganization, especially when their financial situation would make meeting such obligations difficult. The lack of flexibility in this requirement not only limits the use of reorganization as a viable option for financial recovery but also potentially contributes to a lower rate of reorganization cases. The experts consulted for this study indicated no awareness of any impending amendments to this provision, suggesting a need for revisiting this aspect of the law to make reorganization more appealing and practical for debtors facing insolvency.

Relevant stakeholder: Ministry of Justice; local courts



Enhance the "duty to file" regulation to reduce delays to initiate bankruptcy proceedings

Delays and failures among companies to initiate bankruptcy proceedings promptly upon recognizing signs of insolvency represent a significant area of concern. In the Slovak Republic, the law mandates that the debtor's statutory body, the liquidator, or the legal representative must file for bankruptcy within 30 days of becoming aware of the company's insolvency. Non-compliance results in a substantial fine of EUR 12,500 and potential liability for damages correlated to the extent of unsatisfied claims. Despite these penalties, the effectiveness of the "duty to file" regulation appears insufficient to compel timely compliance. Strengthening this rule, potentially by increasing penalties or introducing additional measures to enforce timely filings, could mitigate risks and reduce the financial impact on creditors, thereby enhancing the overall efficiency and fairness of the bankruptcy process.

Relevant stakeholder: Ministry of Justice; local courts

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