

Subnational
Business Ready in the
European Union 2024:

**SLOVAK
REPUBLIC**



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At a Glance

Context

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

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

5 Business Ready Topics

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

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

5 cities benchmarked



Source: *Subnational Business Ready*



Methodology

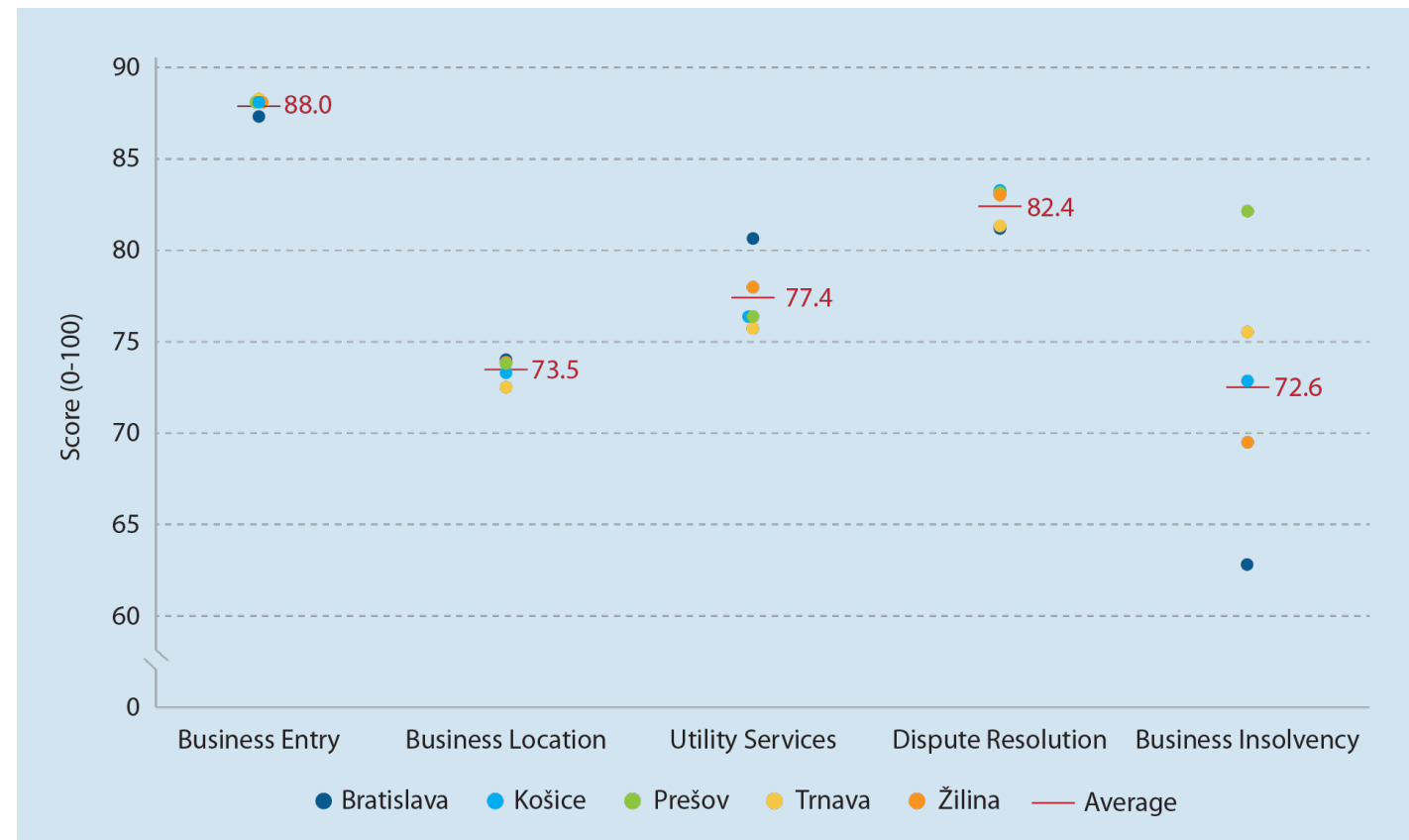
The **World Bank's Business Ready (B-READY)** is a series of annual reports benchmarking the business environment around the world. B-READY assesses three aspects of the business environment: the regulatory framework, the provision of related public services and the efficiency of compliance in practice.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

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



Key Results (1/3)

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



Source: Subnational Business Ready

Key Results (2/3)

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

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

- The Slovak Republic's cities have the highest average score in the areas of Business Entry and Dispute Resolution, at 88.0 and 82.4 out of 100 points, respectively.
- In the Utility Services, Business Location, and Business Insolvency topics, the average scores are lower at 77.4, 73.5, and 72.6 points, respectively, showing room for improvement.
- There are no clearly defined top-performing cities across all topics. While Bratislava performs the best in Business Location and Utility Services, it performs the weakest in legal topics, namely, Dispute Resolution and Business Insolvency. Similarly, while Trnava is among the top two performing cities in Business Entry and Business Insolvency, it is one of the bottom two in the remaining measured topics.

	Business Entry	Business Location	Utility Services	Dispute Resolution	Business Insolvency
City	Score (0-100)	Score (0-100)	Score (0-100)	Score (0-100)	Score (0-100)
Bratislava	87.4	74.0	80.6	81.2	62.8
Košice	88.1	73.3	76.3	83.4	72.8
Prešov	88.1	73.7	76.3	83.3	82.2
Trnava	88.2	72.5	75.7	81.3	75.5
Žilina	88.1	73.8	78.0	83.0	69.5

Source: Subnational Business Ready



Key Results (3/3)

Potential opportunities for regulatory improvement*



Business Entry

- ✓ Eliminate the start-up capital requirement for limited liability companies
- ✓ Review the requirements to obtain a trade license
- ✓ Streamline the VAT registration process



Business Location

Building Permitting

- ✓ Streamline the process for preconstruction approvals
- ✓ Incorporate electronic platforms throughout the building permitting process
- ✓ Harmonize spatial planning and environmental impact assessment processes

Environmental Permitting

- ✓ Fully adopt a risk-based approach to environmental approvals

Property Transfer

- ✓ Fully digitalize the back-office operations at the Land Registry when processing requests
- ✓ Consider adjusting the legal framework to make mandatory the verification of identity of both parties involved in a transaction
- ✓ Introduce mechanisms for dealing efficiently with land disputes
- ✓ Increase transparency by publishing responses to complaints at the Land Registry and statistics on land disputes



Utility Services

Electricity

- ✓ Increase transparency and accountability by collecting and publishing statistics
- ✓ Improve the reliability of the electricity supply

Water

- ✓ Introduce incentives aimed at ensuring that businesses comply with water-saving practices
- ✓ Introduce regular multistakeholder meetings to coordinate the processing of excavation permits
- ✓ Introduce online applications for water connections



Dispute Resolution

- ✓ Improve case management by introducing strict time limits and a maximum number of adjournments
- ✓ Promote alternative dispute resolution mechanisms



Business Insolvency

- ✓ Review the requirement for creditors to be satisfied with at least 50% of their claims in reorganization proceedings
- ✓ Enhance the "duty to file" regulation to reduce delays to initiate bankruptcy proceedings

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



Subnational Business Ready
in the European Union 2024:
SLOVAK REPUBLIC



Business Entry



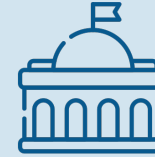


Business Entry in the Slovak Republic



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%**

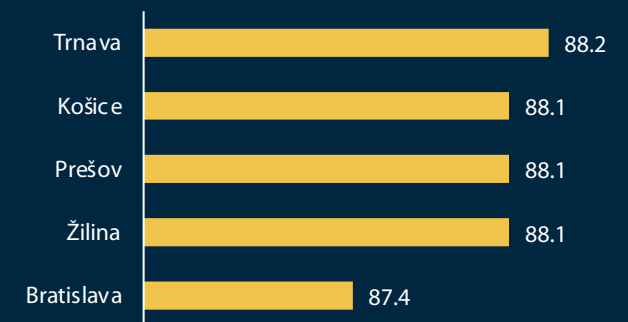
Score
(all cities): **97 to 99.5/100**
Bratislava Trnava

*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.orsr.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.¹ 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.²
- Simple registration processes, together with the use of online tools and low incorporation costs, encourage entrepreneurs to enter the economy.³

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

² UNCITRAL, 2019; OECD and IDB, 2021; World Bank, 2020.

³ Klapper, Lewin, and Quesada Delgado, 2011.

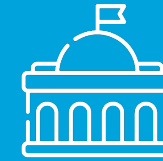
What does the Business Entry topic measure?



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.



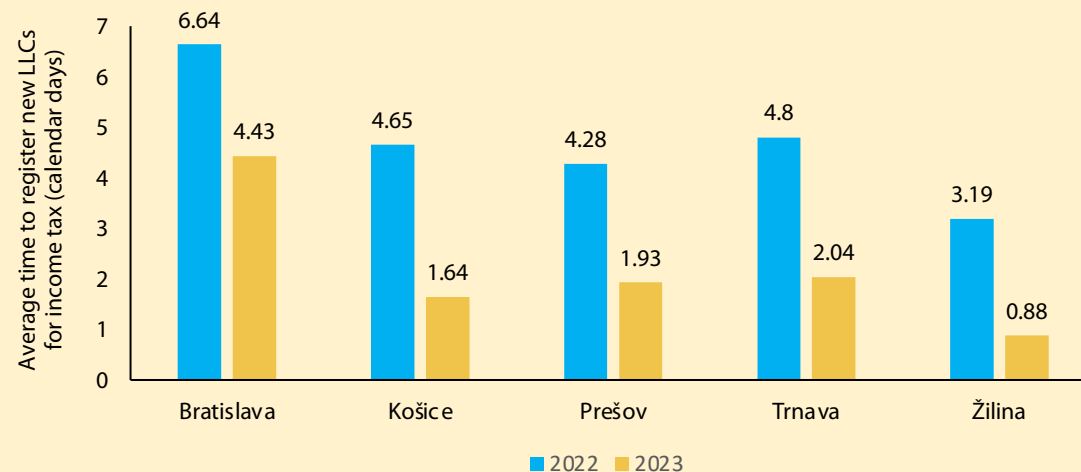
Elimination of the requirement to provide tax clearance to set up a new company

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

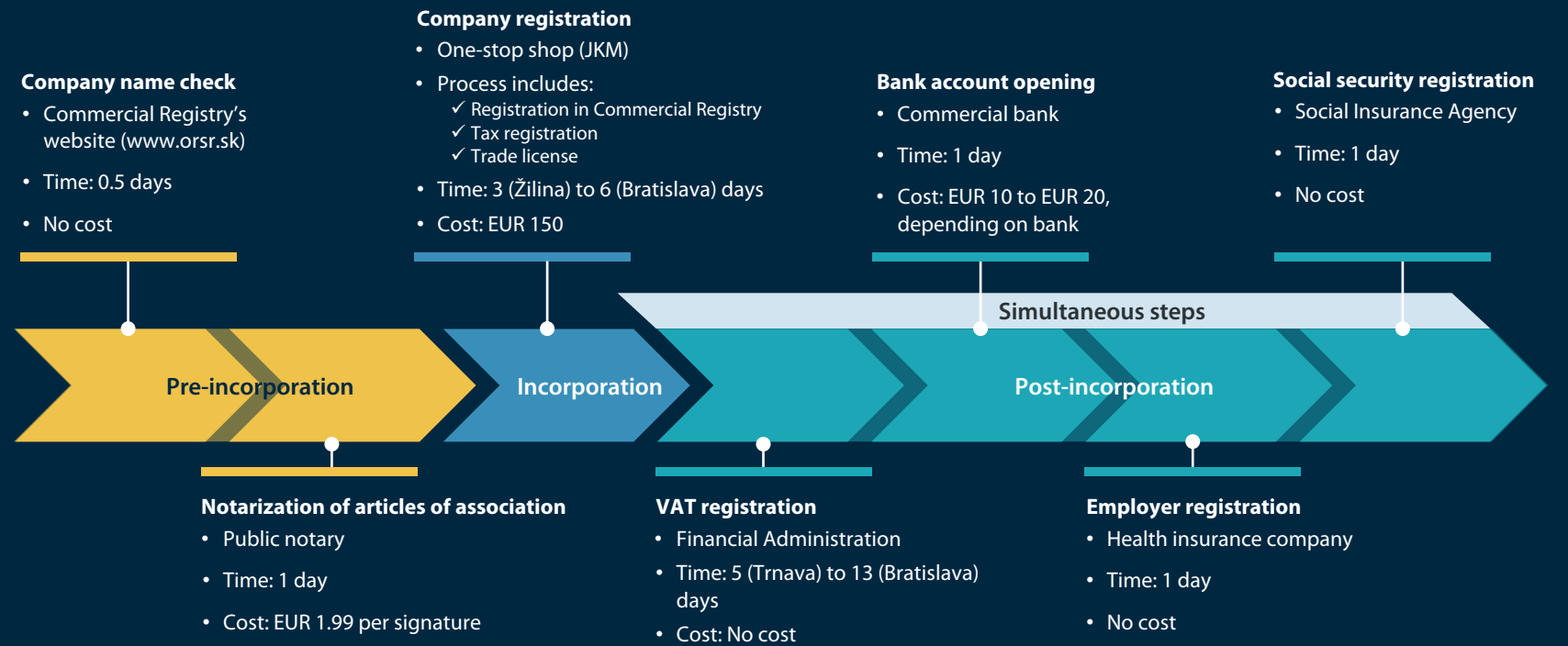
The time to register a new LLC in the Slovak Republic varies from in 10.5 days in Trnava to 20.5 days in Bratislava. The variation is due to the different times that it takes the local offices of the Financial Administration to complete the registrations for income tax and VAT.



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.

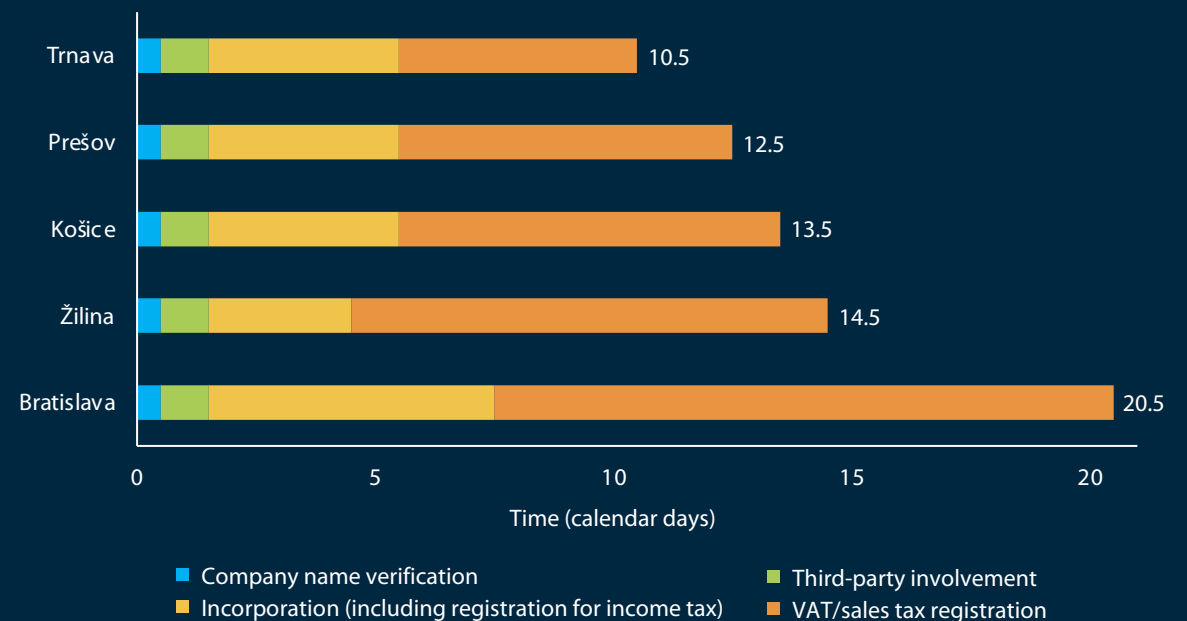
The company is registered for income tax at the time of registration at the one-stop shop, but the application is processed separately by the Financial Administration, which communicates the outcome of the request separately. The elimination of the income tax registration form due to direct communication 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.⁴ 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

⁴ 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



Business Location

- Building Permitting
- Environmental Permitting
- Property Transfer





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.⁵
- 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>



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.

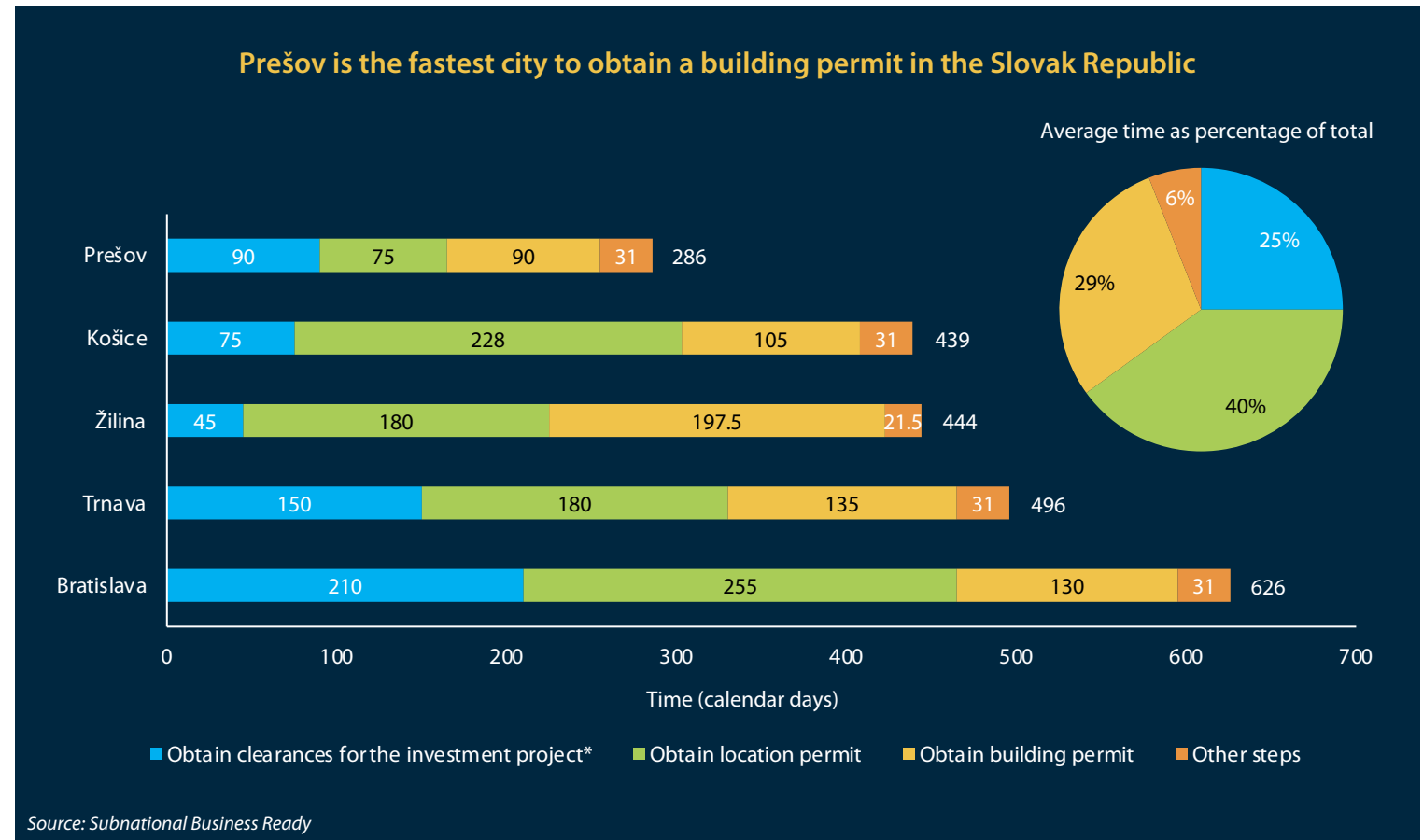


Building Permitting in the Slovak Republic

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

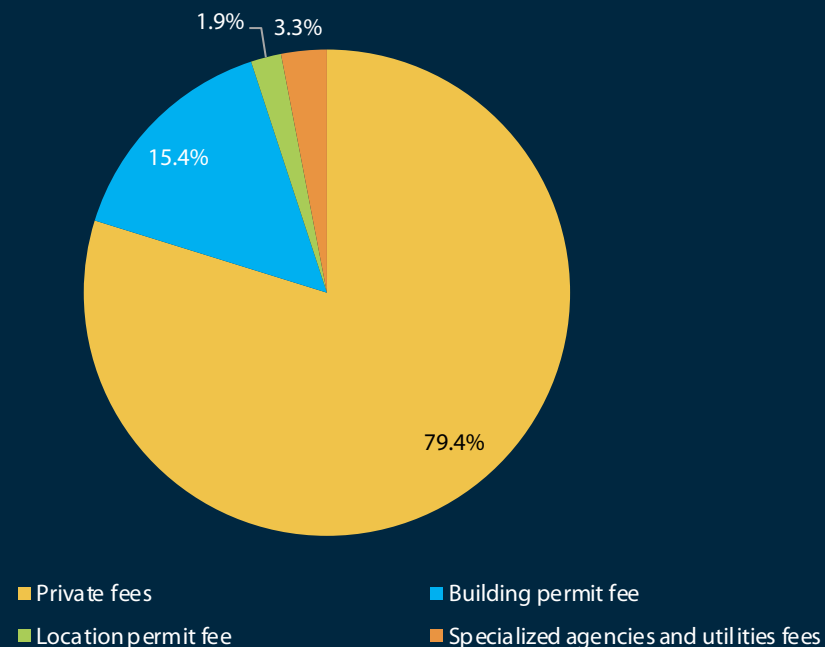
Pillar III: Operational Efficiency of Building Permitting (3/4)

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)

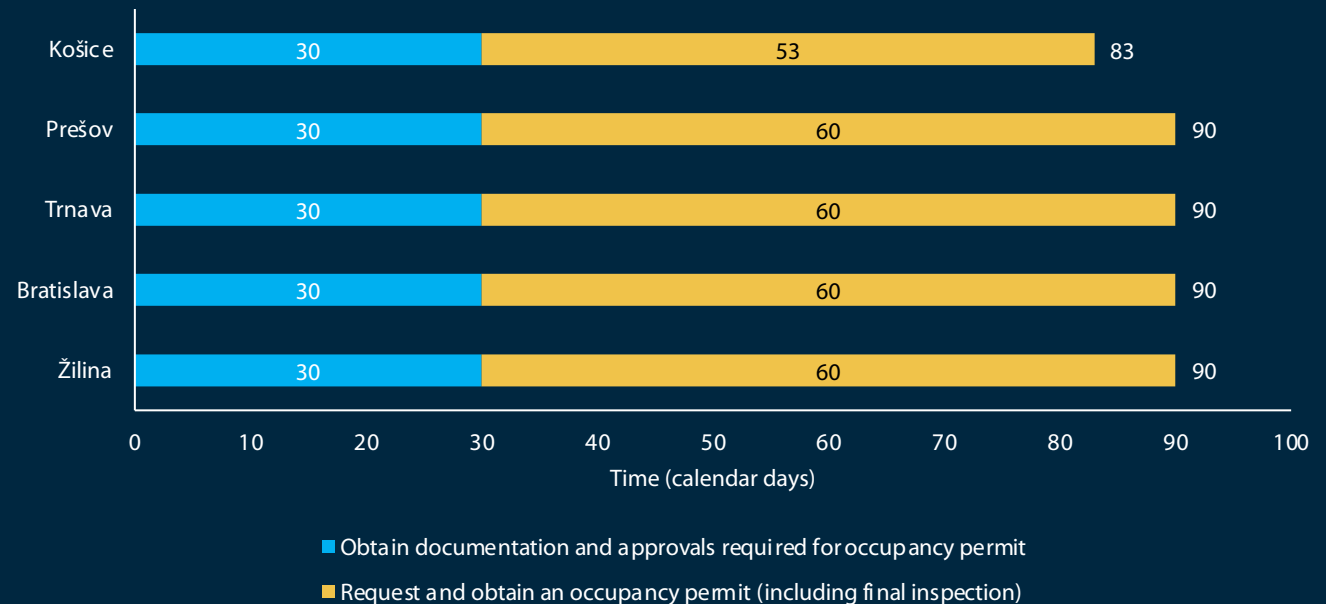
Time to obtain an occupancy permit: 83 to 90 days

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 Município do Porto*, <https://portaldomunicipio.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/lv>). 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



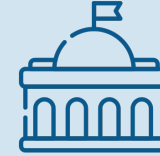
Environmental Permitting in the Slovak Republic



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

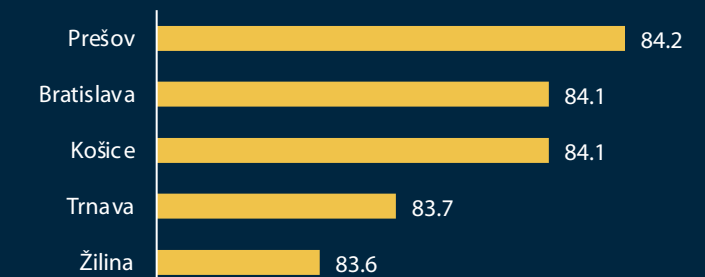
Prešov

*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.⁶
- Clear and accessible environmental regulations can address concerns without burdening firms with unnecessary compliance.
- A sound and robust environmental framework for construction projects plays a vital role in sustainable construction by identifying and addressing potential environmental impacts beforehand.
- Good regulatory practices and transparency of information for environmental permits enhance safety mechanisms and the green building industry, minimize information gaps, and foster accountability.

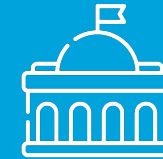
What does the Environmental Permitting topic measure?



Pillar I: Regulatory Framework

Quality of regulations for environmental permitting

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



Pillar II: Public Services

Quality of public services and transparency of information for environmental permitting

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



Pillar III: Operational Efficiency

Operational efficiency of environmental permitting

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

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



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** Žilina to **98.5** Prešov out of 100 points

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)



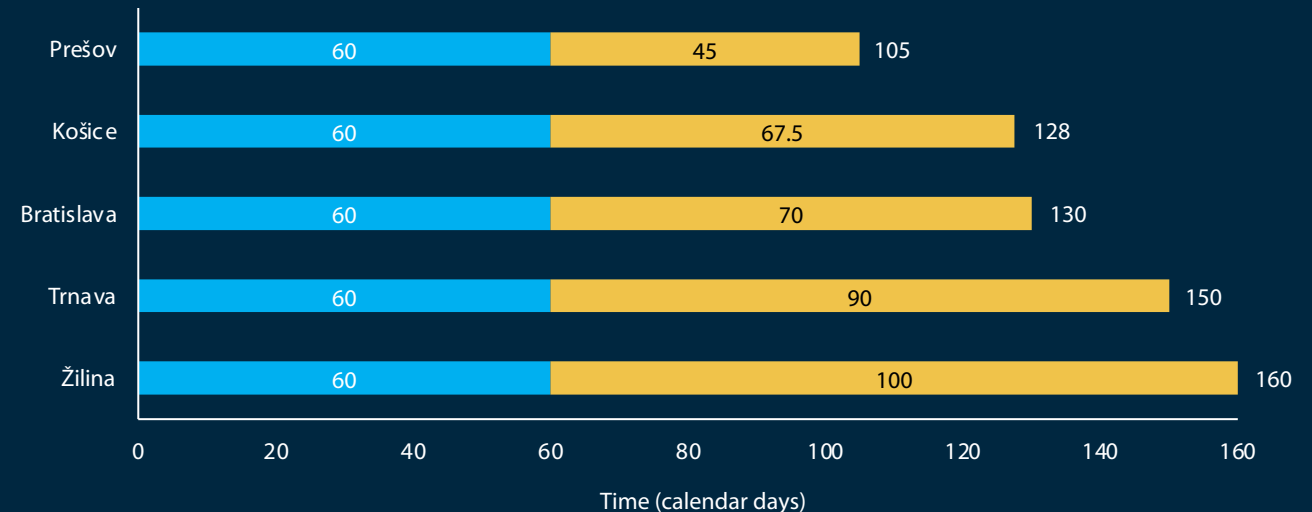
Pillar III: Operational efficiency

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



- Submit intention to district office/Hire an environmental expert and prepare environmental documentation
- Submit preliminary environmental study and obtain decision that contains the level of needed environmental assessment

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



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)

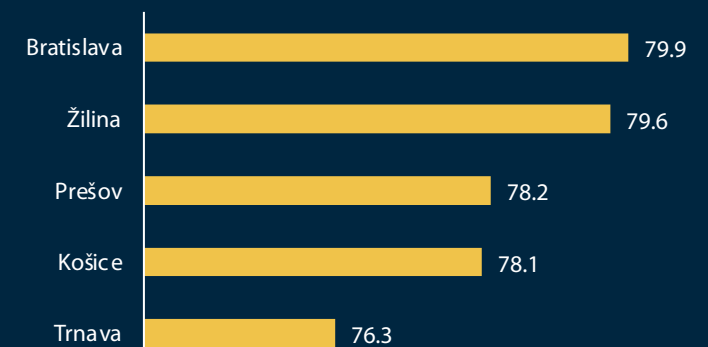
Cost (% of property value*):
0.05% (all cities)

*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.⁷
- Looking at how well property rights are managed provides a good indication of how the economy is likely to grow.⁸
- 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.

⁷ De Soto, 2000; Johnson, McMillan, and Woodruff, 2002.

⁸ Field, 2007; Green and Moser, 2013.

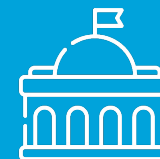
What does the Property Transfer topic measure?



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



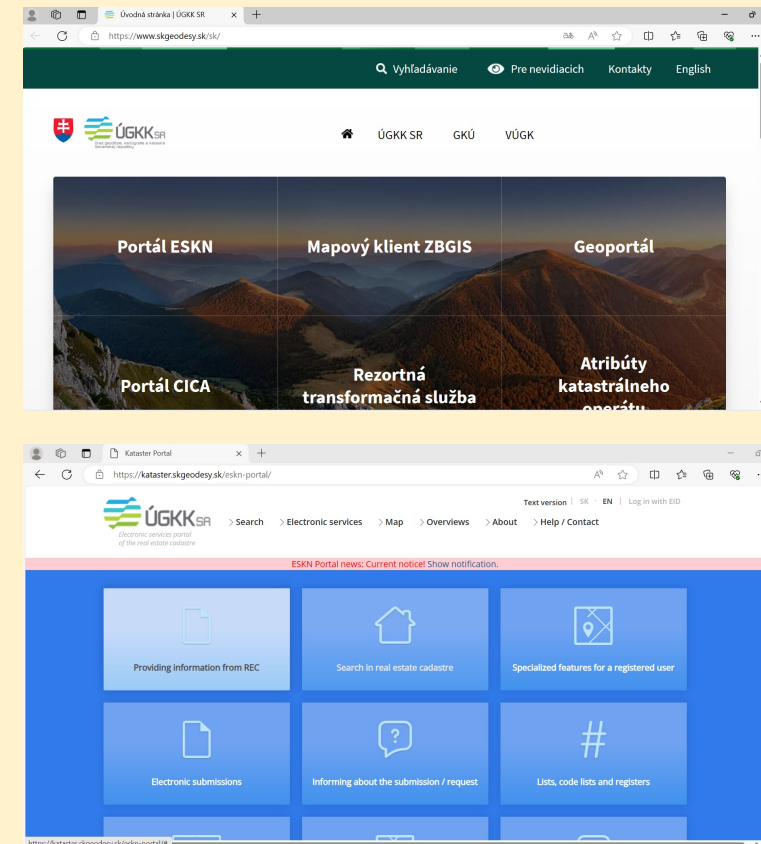
Improved and extended menu of digital services

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

10.6/13.3

10.7/13.3

13.3/13.3

15/20

22.2/40

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** to **91.3** out of 100 points
Trnava Bratislava

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)



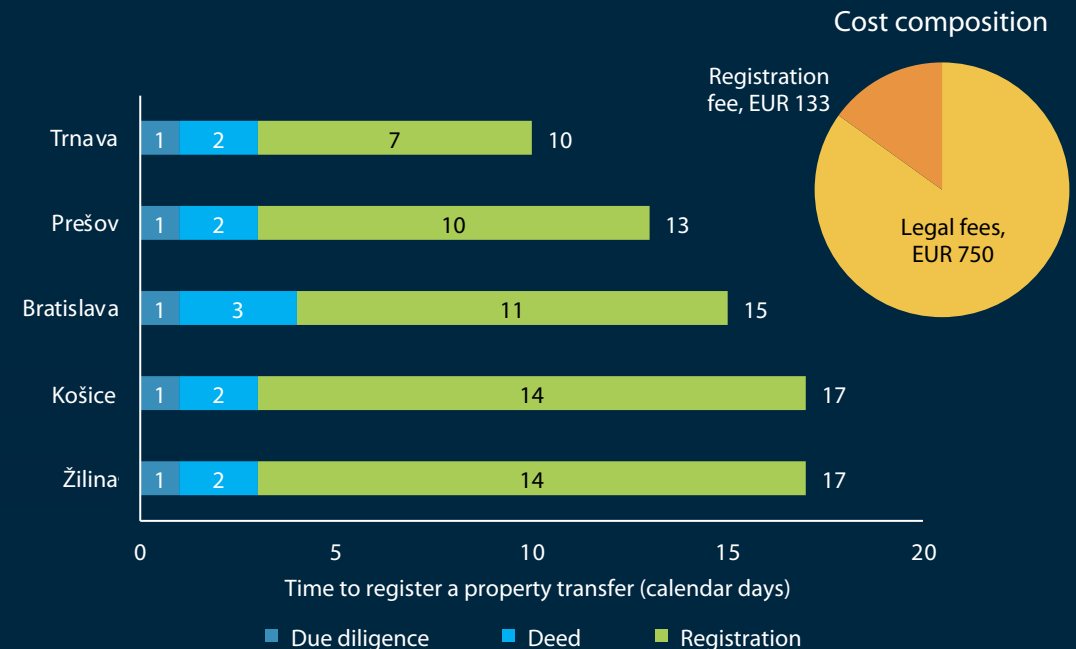
Pillar III: Operational Efficiency

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



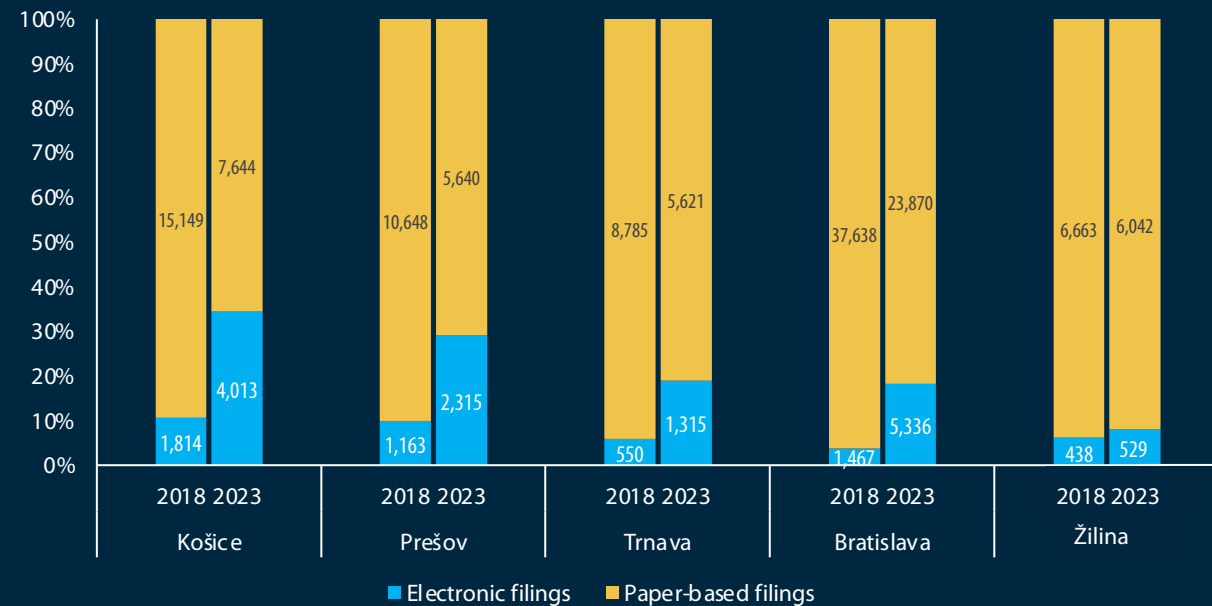
Property Transfer in the Slovak Republic

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

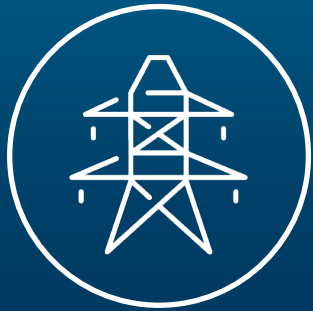


Increase transparency by publishing responses to complaints at the Land Registry and statistics on land disputes

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

Subnational Business Ready
in the European Union 2024:
SLOVAK REPUBLIC



Utility Services

- Electricity
- Water
- Internet





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

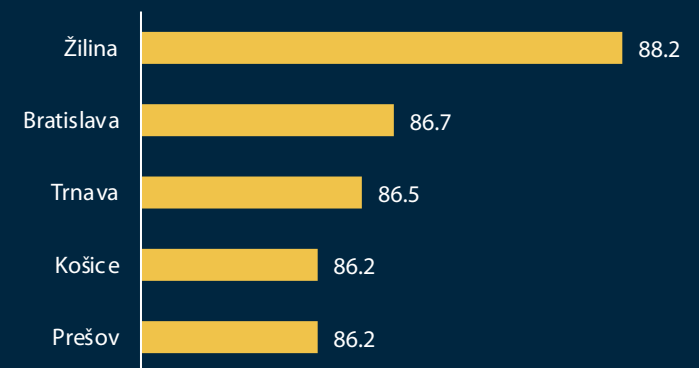
Time (days):	120 (Žilina) to 179 (Bratislava, Trnava)
Cost (% of income per capita*):	68.9% (Bratislava, Trnava) to 70.6% (Žilina)
SAIFI Index:	0.25 (Bratislava, Trnava) to 0.84 (Žilina)
SAIDI Index:	0.9 hrs (Bratislava, Trnava) to 4.0 hrs (Žilina)
% of annual sales losses due to electrical outages:	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.⁹
- 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.¹⁰
- Performance standards, accountability mechanisms, and inspections and professional standards can ensure that utility companies provide sufficient and stable electricity.

⁹ World Bank, 2016.
¹⁰ 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: i) *Východoslovenská distribučná a.s* (Košice and Prešov); ii) *Stredoslovenská distribučná a.s.* (Žilina); and iii) *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

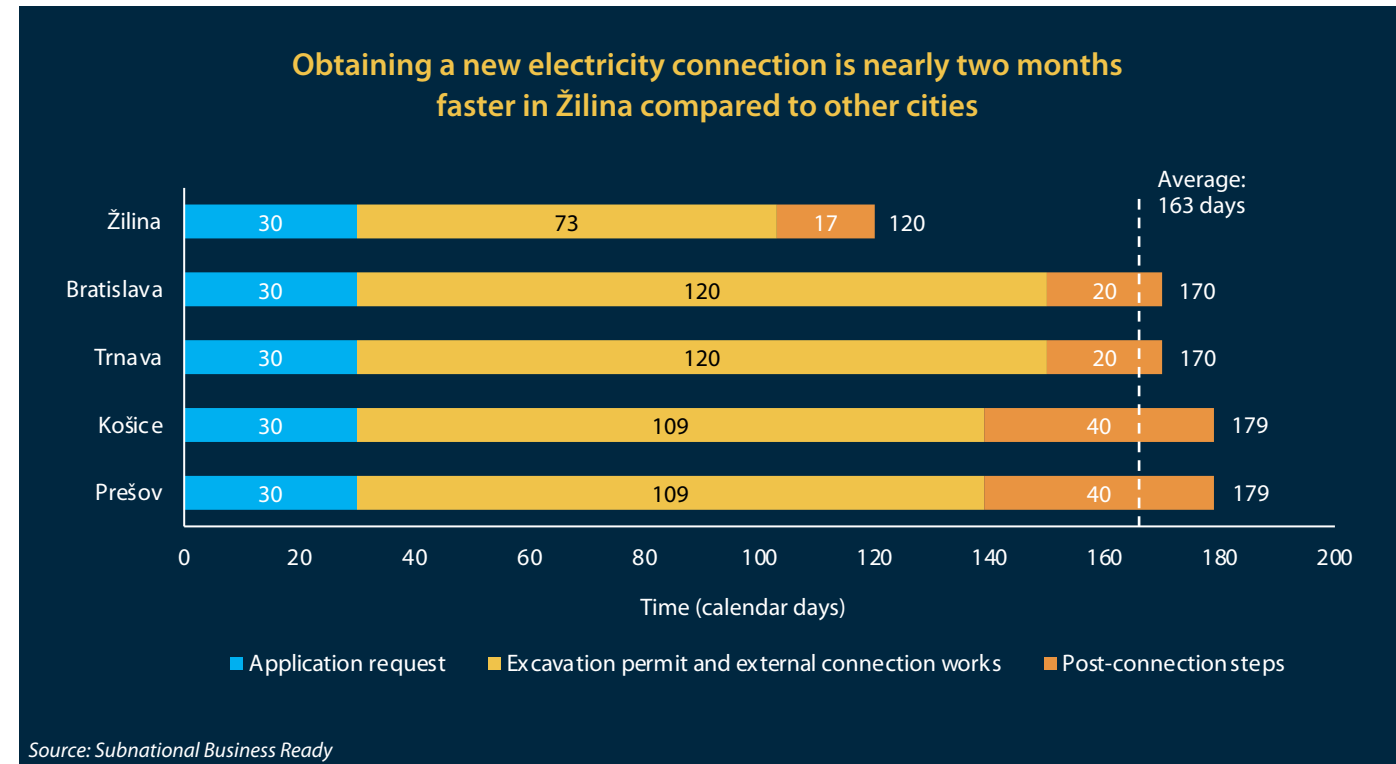


Electricity Utility Service in the Slovak Republic

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).

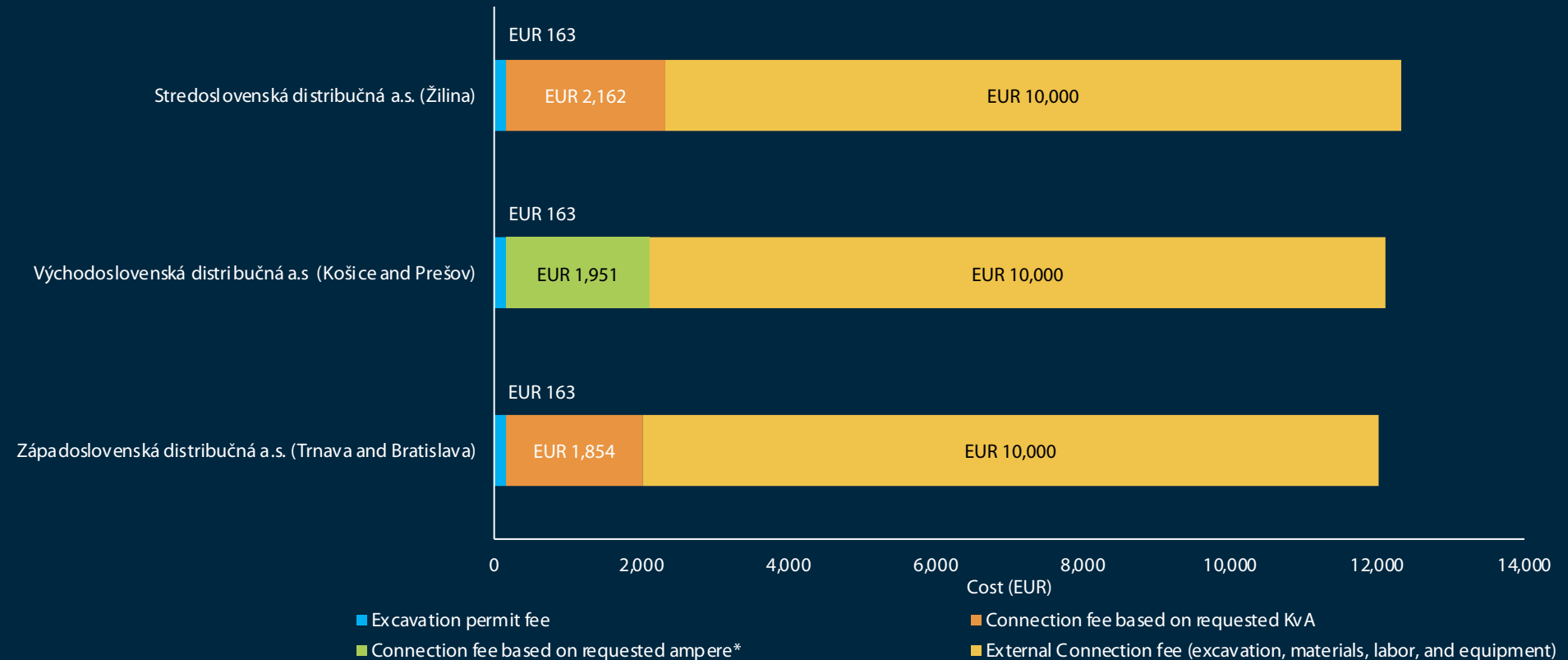




Electricity Utility Service in the Slovak Republic

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)

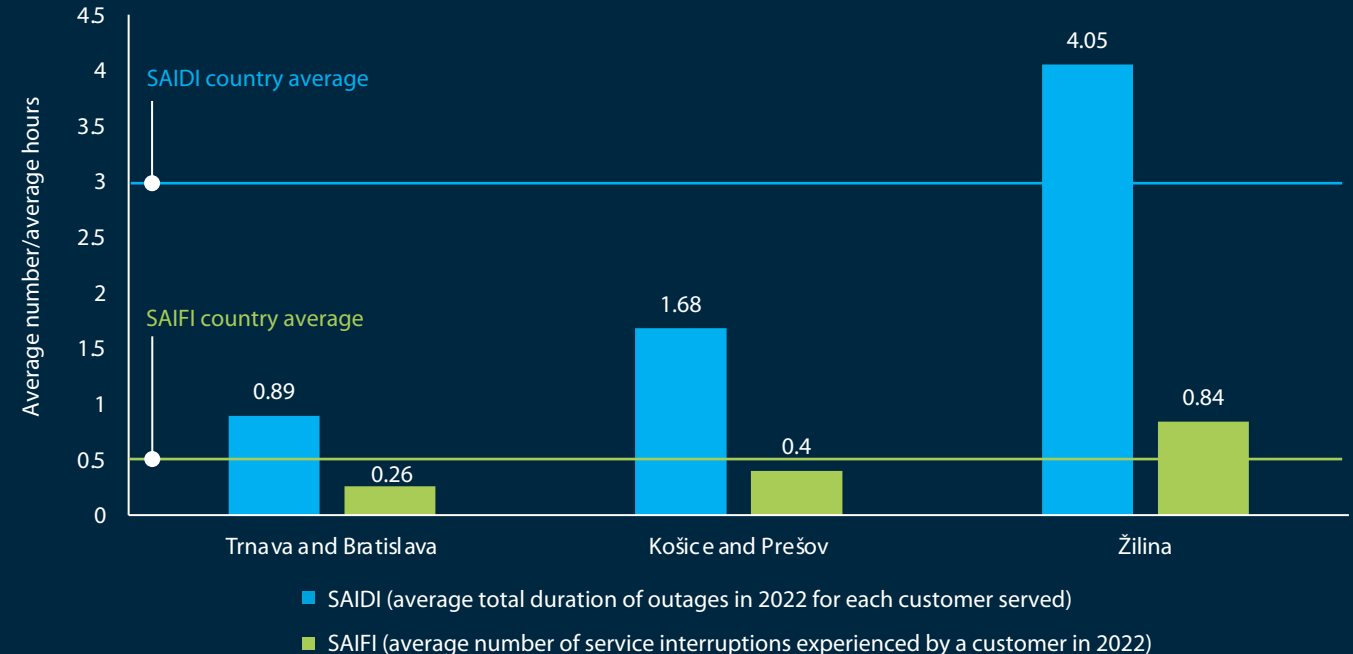
- In 2022, entrepreneurs in the Slovak Republic experienced 0.5 interruptions on average, each lasting more than two hours.
- There are notable differences among cities. Bratislava and Trnava had the least frequent interruptions (0.26), with each lasting less than an hour, on average.
- Customers in 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 Storm*, which includes cross-cutting data on the electricity connection process. Data is collected annually from utilities through a questionnaire. The report contains data on application processing times and the time to complete a connection at different voltage levels, making the data easily comparable across cities and utilities. 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>.



Water Utility Service in the Slovak Republic

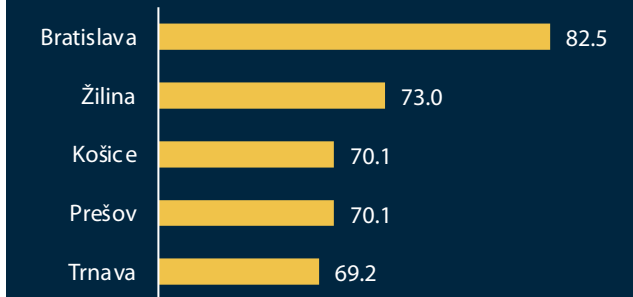


*The Slovak Republic's 2021 GNI per capita is EUR 17,451

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.¹¹
- Good regulatory frameworks are key for the provision of an affordable and high-quality water supply.¹²
- Performance standards coupled with a system of incentives ensure efficient deployment of utility connections and an adequate water supply.¹³

¹¹ World Bank, 2017.

¹² OECD, 2021.

¹³ Foster and Rana, 2020.

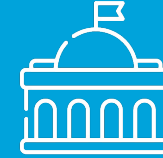
What does the Water Utility Service topic measure?



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

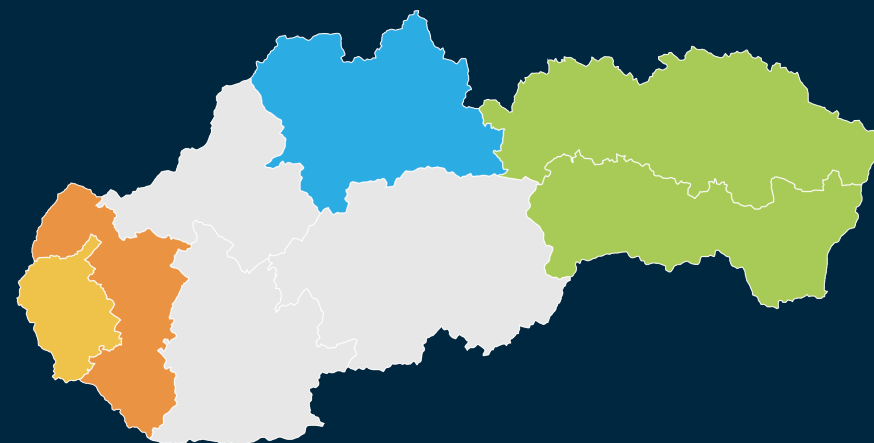
Water utility performs external connection works and installs a meter

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

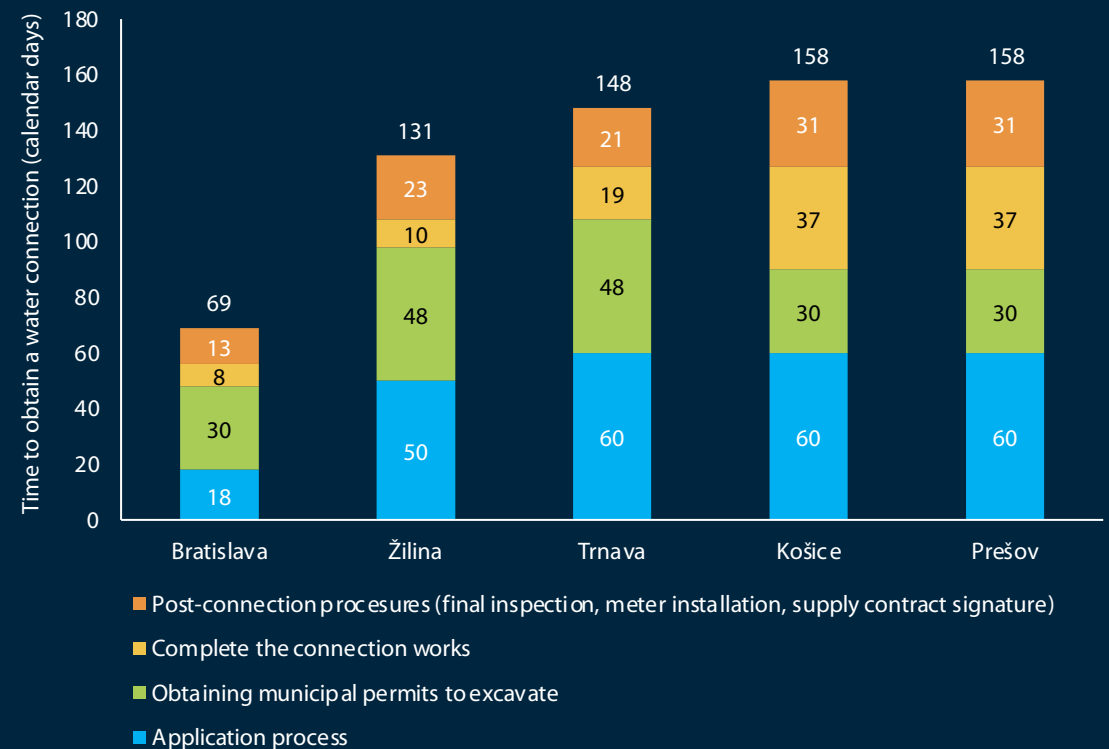
The process of getting a water connection varies substantially within the Slovak Republic. In fact, the two main stakeholders involved in the process are local authorities:

- 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



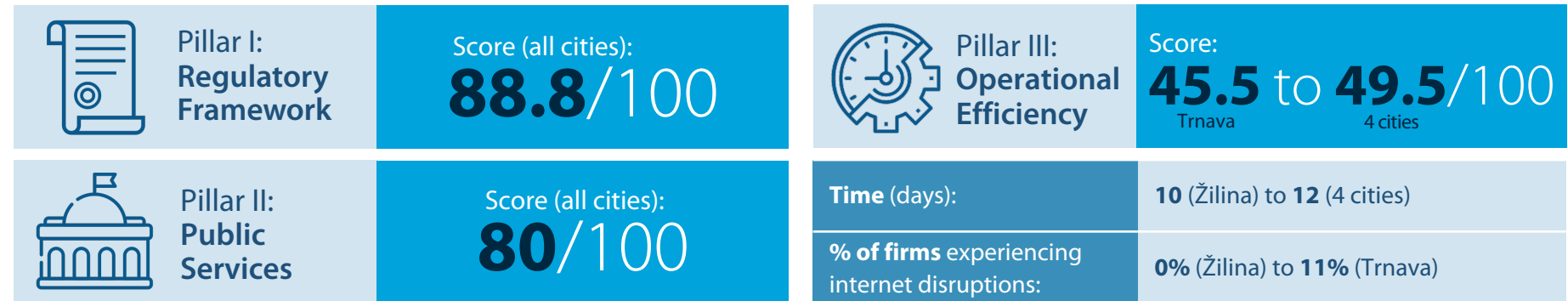
Introduce online applications for water connections

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.¹⁴
- 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.¹⁵
- Performance standards coupled with a system of incentives compel internet service providers (ISPs) to ensure adequate supply of high-speed broadband internet service.¹⁶

¹⁴ World Bank, 2016.

¹⁵ World Bank, 2017.

¹⁶ Foster and Rana, 2020.

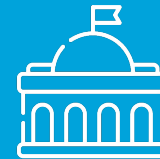
What does the Internet Utility Service topic measure?



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*

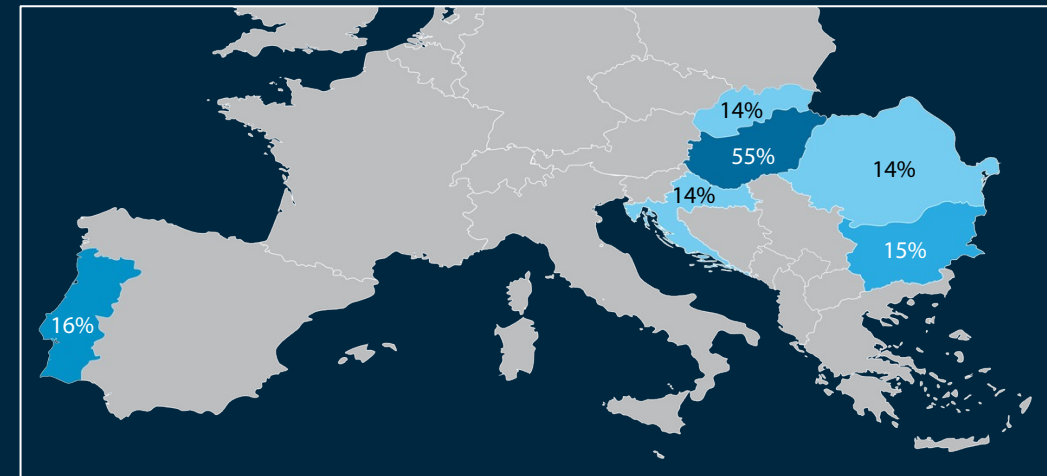


Source: World Bank Enterprise Surveys 2023

*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

Subnational Business Ready
in the European Union 2024:
SLOVAK REPUBLIC



Dispute Resolution





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)

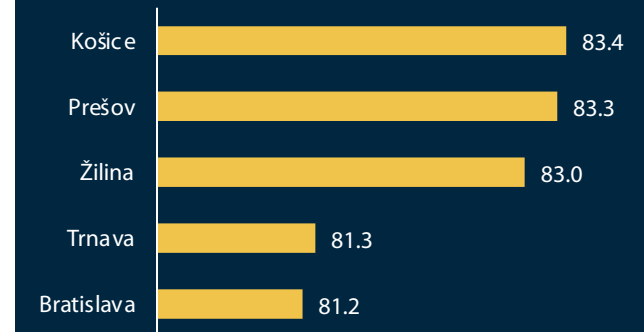
Enforce a judgment: **0.75%** (4 cities) to **1%** (Prešov)

*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.¹⁷
- Reliability of the judiciary is equally important: strong court systems attract more investors and expansion of business.¹⁸

¹⁷ Moro, Maresch, and Ferrando. 2018; Koutroumpis and Ravasan, 2020.

¹⁸ World Bank, 2004; Staats and Biglaiser, 2011; World Bank, 2019.

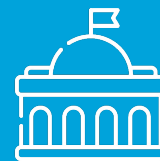
What does the Dispute Resolution topic measure?



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

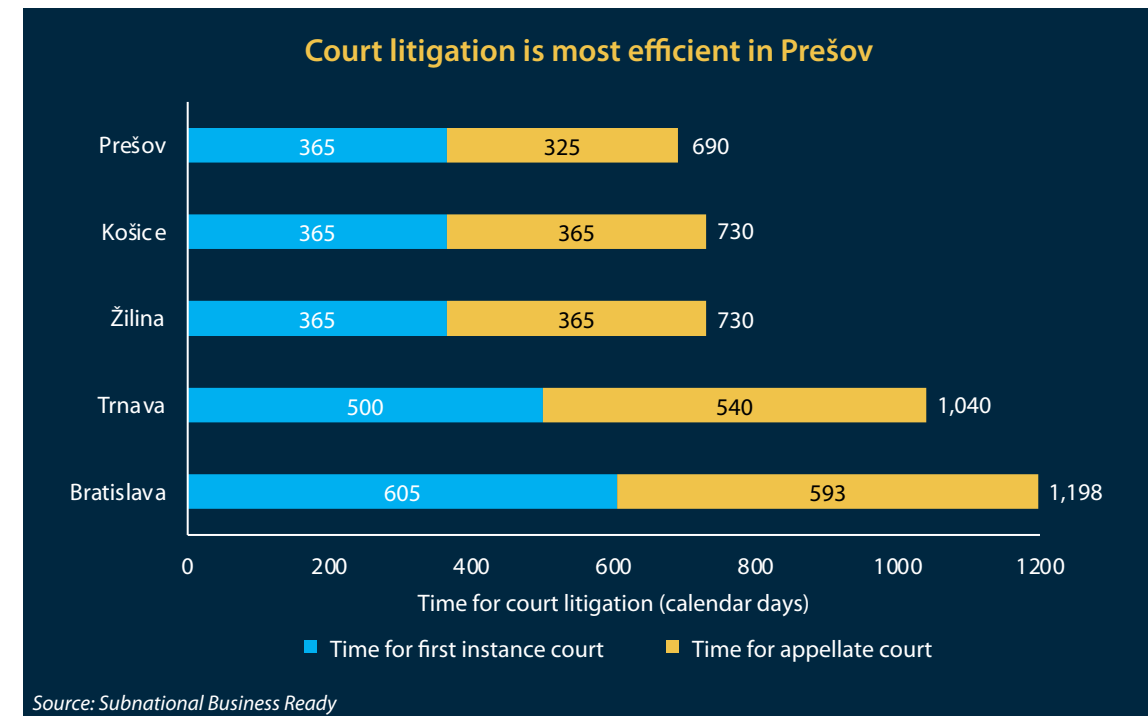


Pillar III: Operational Efficiency and Reliability of Court and Arbitration Processes (1/5)

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 unresolved 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.



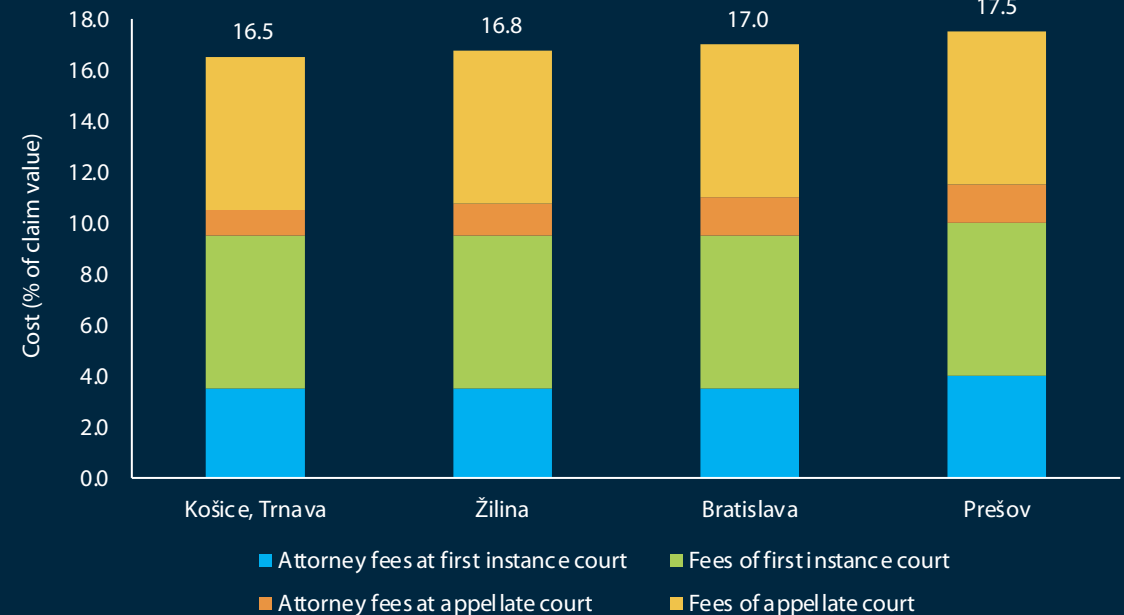
Dispute Resolution in the Slovak Republic

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

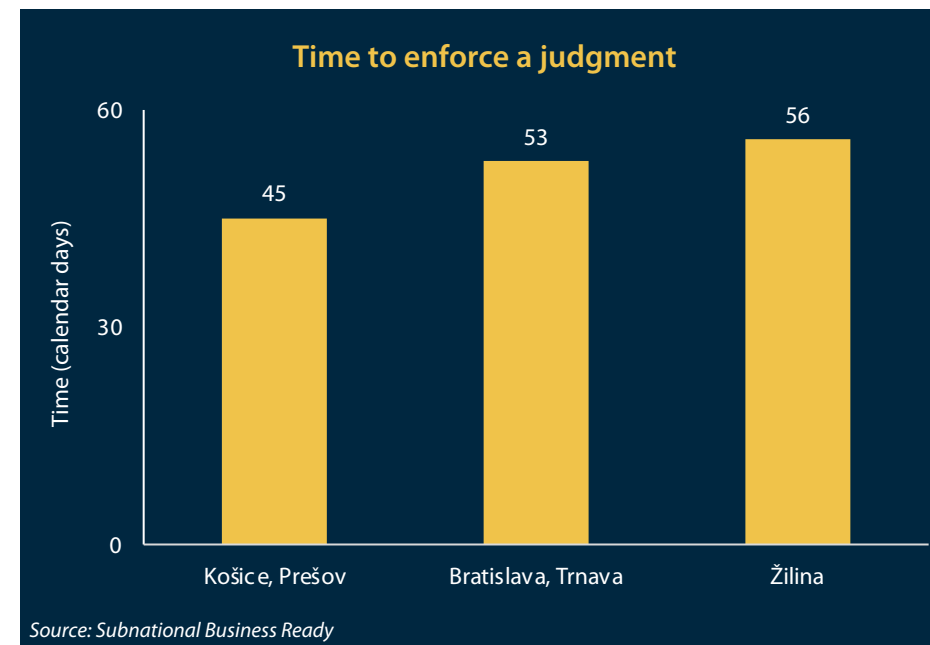
Pillar III: Operational Efficiency and Reliability of Court and Arbitration Processes (4/5)

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.



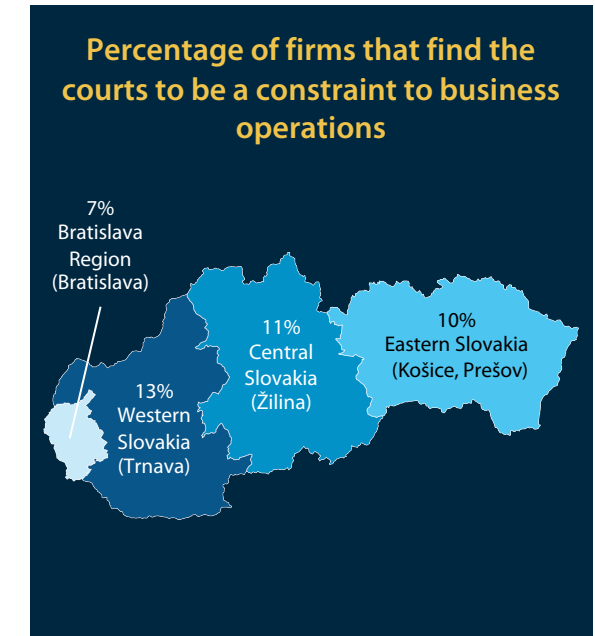
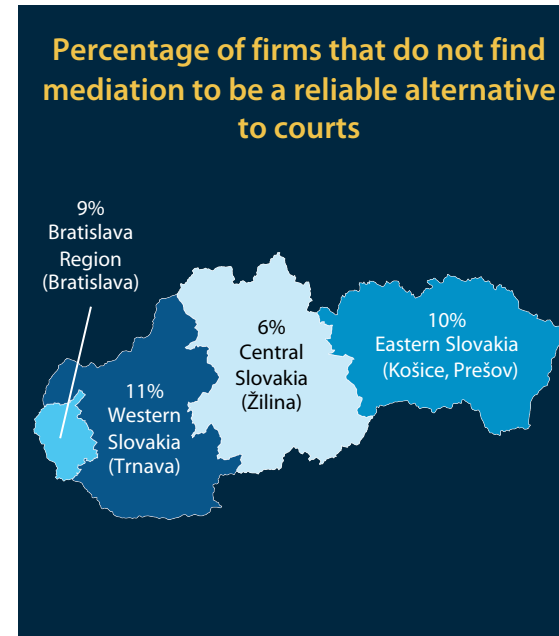
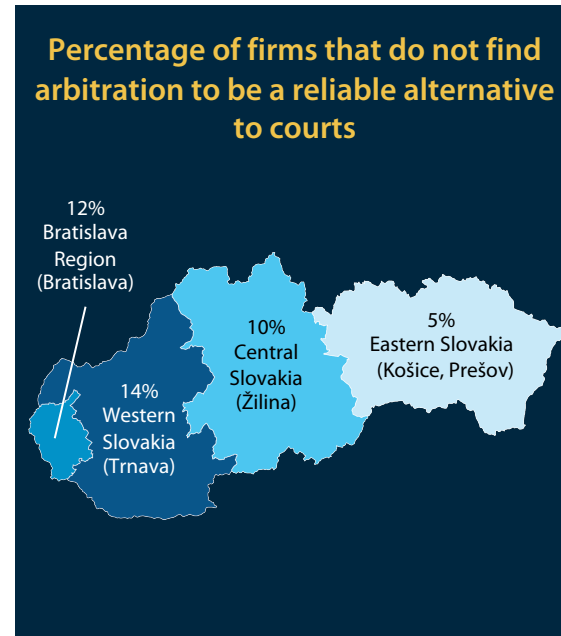
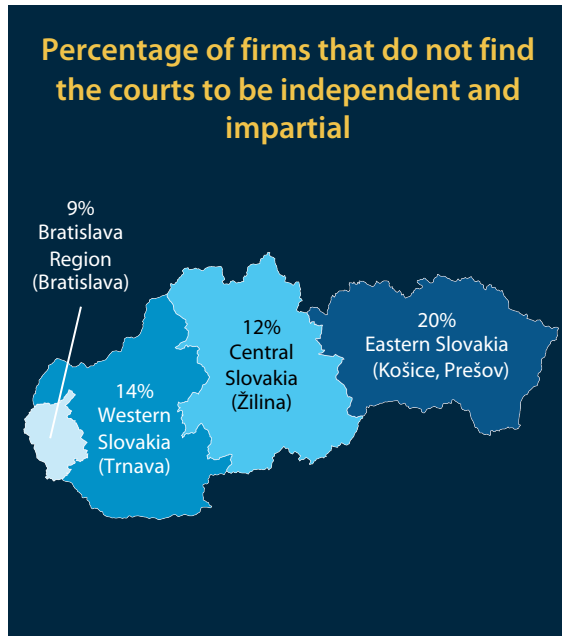


Dispute Resolution in the Slovak Republic

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



Business Insolvency



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.¹⁹
- 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.²⁰

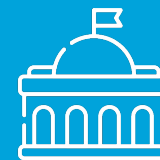
What does the Business Insolvency topic measure?



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>

¹⁹ Cirmizi, Klapper, and Uttamchandani, 2012.

²⁰ 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 avoidance 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.



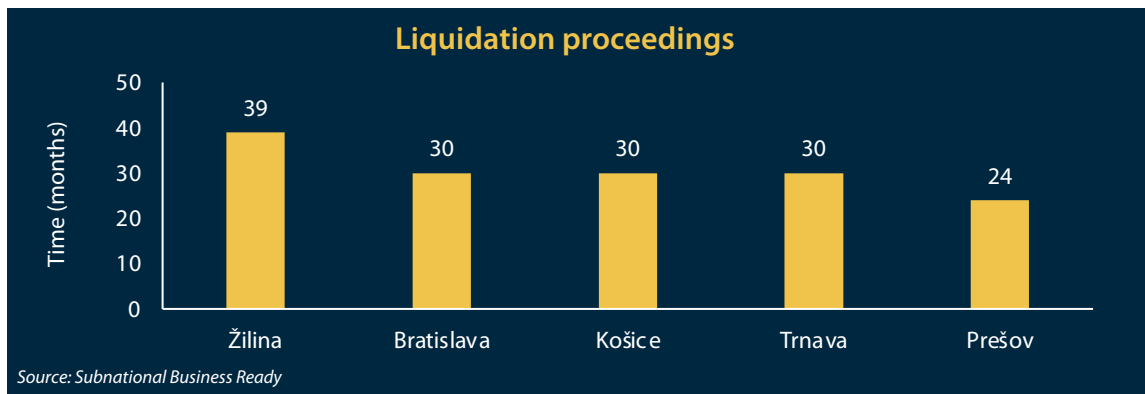
Business Insolvency in the Slovak Republic



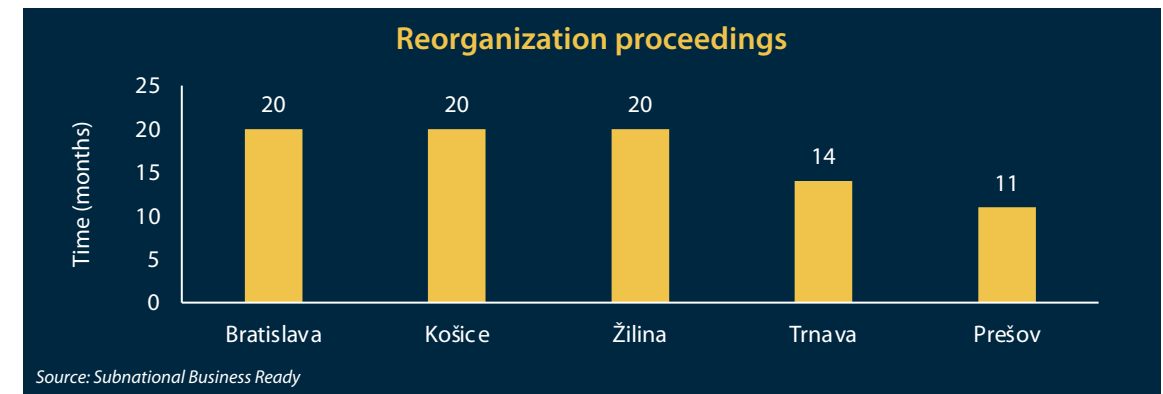
Pillar III: Operational Efficiency of Resolving Judicial Insolvency Proceedings (1/3)

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

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.



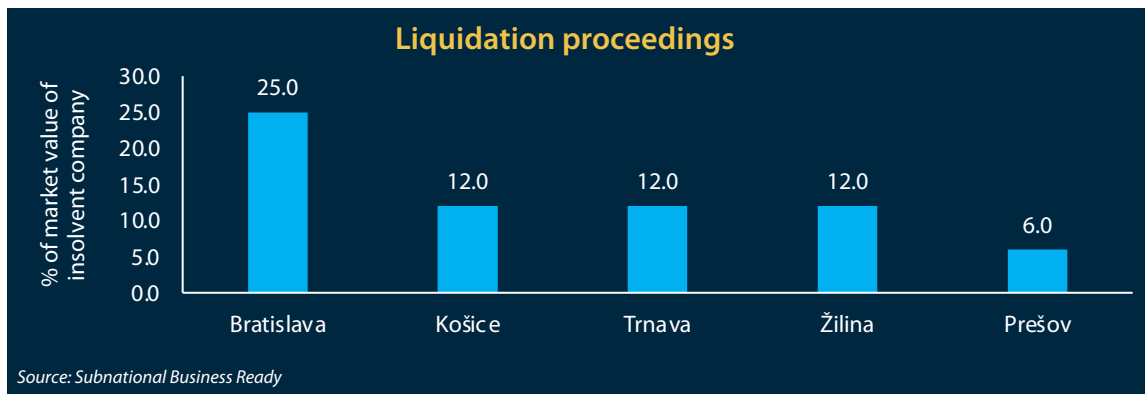
Business Insolvency in the Slovak Republic



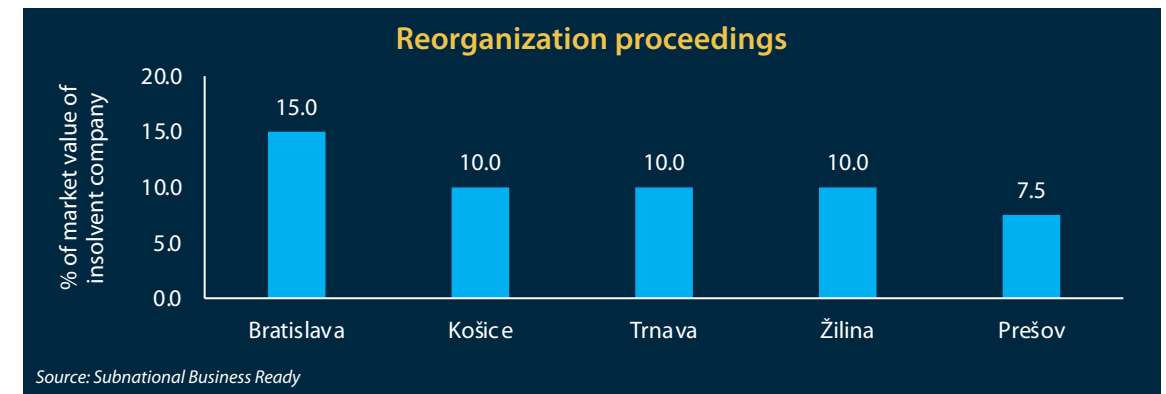
Pillar III: Operational Efficiency of Resolving Judicial Insolvency Proceedings (2/3)

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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