

Subnational Business Ready in the European Union 2024:

PORTUGAL



WORLD BANK GROUP
Development Economics | Global Indicators



**SUBNATIONAL
BUSINESS READY**

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Contents

Foreword	2
Acknowledgments	4
Executive Summary	6
Methodology.....	12
Overall Results	16
Findings from the Enterprise Surveys Data.....	20
Business Entry	23
Business Location	26
Building Permitting	26
Environmental Permitting	27
Property Transfer	28
Utility Services	33
Electricity	33
Water	35
Internet	37
Dispute Resolution	41
Business Insolvency	45

Foreword

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

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

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

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

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

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

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

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

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

and economic policy making at both regional and national levels.

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



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

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and Notary, the Energy Services Regulatory Authority, the Water and Waste Services Regulation Authority, the Water and Waste Services Regulation Authority of the Azores, the National Communications Authority, the Directorate-General for Energy and Geology, National Cybersecurity Centre, the Portuguese Environment Agency, the Regional Coordination and Development Commissions, the Regional Secretariat for Environment, Natural Resources, and Climate Change in the Azores, the Regional Secretariat of Environment and Climate Action in Madeira, the Judicial High Council, and the Commercial Arbitration Centre of the Portuguese Chamber of Commerce and Industry, as well as local utilities and courts.

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

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

The Enterprise Analysis team collected all the B-READY firm-level data through the implementation of the expanded Enterprise Surveys and provided invaluable advice on questionnaire design and indicator development.

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

Executive Summary

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

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

Objective

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

regulatory frameworks that directly affect businesses at the local level in eight Portuguese cities: Braga, Coimbra, Évora, Faro, Funchal, Lisbon, Ponta Delgada, and Porto.

Intended Audience

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

The Importance of Regional Data

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

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

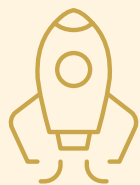


Key Findings

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

Areas of Improvement

Business Entry



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

Business Location



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

To improve land administration and property transfer, Portugal can continue promoting the use of online registration to speed up the process and make managing the workload at the registry offices more efficient. In parallel, reviewing and addressing the causes behind the decline in the use of *Casa Pronta* as a viable alternative channel for registration could help improve efficiency. In addition, further progress to achieve the full registration and mapping of private properties is important to enhance the legal se-

curity of property rights. The authorities can also consider setting up an out-of-court mechanism at the land registry to compensate for losses suffered by private parties due to land registry errors, preventing lengthy court proceedings. Finally, to increase transparency, the authorities could publish service standards and make available online all relevant information on property transactions, statistics on land disputes, and sex-disaggregated data on land ownership.

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

Utility Services



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

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

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

Dispute Resolution



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

Business Insolvency



Suggested improvements in insolvency proceedings focus on three areas. First, experts agree there is inequitable attention paid to the management of insolvent companies in the Autonomous Regions of the Azores and Madeira, due to proximity issues. Paying increased attention to the number of insolvency administrators in all regions is important, as is developing digital tools to improve case management at distance when circumstances do not allow in-person

meetings with creditors. Second, enhancing the transparency and accountability of insolvency administrators can improve their effectiveness and reduce procedural delays. For this, Portugal can implement regulations to foster communication between insolvency administrators and stakeholders, improve visibility in the management of insolvent assets, and reinforce compliance and oversight measures for the profession by the relevant authorities in issues such as expense reimbursement and delayed payment to creditors. Third, enhancing the accuracy of the registry office databases accessed via *Citius* and effectively utilizing the legal provision authorizing insolvency administrators to access tax and social security databases may further improve their performance.



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

Topic	Areas for Improvement	Relevant Stakeholders
Business Entry	Ongoing improvements: <i>Empresa Online 2.0</i>	<ul style="list-style-type: none"> Institute for Registers and Notary (IRN)
	Building Permitting	
Business Location	Harmonize requirements and simplify construction permitting legislation	<ul style="list-style-type: none"> Ministry of Infrastructure and Housing Administrative Modernization Agency, I.P. (AMA) Regional Coordination and Development Commission (CCDR) Ministry of Territorial Cohesion Municipalities
	Review and simplify the cost structure for building permits	<ul style="list-style-type: none"> Ministry of Infrastructure and Housing Administrative Modernization Agency, I.P. (AMA) Regional Coordination and Development Commission (CCDR) Municipalities
	Introduce and improve electronic platforms for the building permitting process	
	Environmental Permitting	
	Standardize and formalize the qualifications for EIA professionals	<ul style="list-style-type: none"> Portuguese Environmental Agency (APA) Regional Coordination and Development Commission (CCDR)
	Improve coordination and consistency in environmental permitting and building permit integration	<ul style="list-style-type: none"> Portuguese Environmental Agency (APA) Regional Coordination and Development Commission (CCDR) Administrative Modernization Agency, I.P. (AMA) Municipalities
	Property Transfer	
	Promote the uptake of digitally submitted registration requests throughout the country	<ul style="list-style-type: none"> Institute for Registers and Notary (IRN)
	Assess the reasons for <i>Casa Pronta's</i> usage decline and take measures to address identified issues	
	Make Land Registry and Cadastral databases interoperable with each other and with those of other key agencies	<ul style="list-style-type: none"> Institute for Registers and Notary (IRN) National Registry of Legal Entities Directorate-General for the Territory Tax and Customs Authority
	Ensure that all private properties are registered and mapped	<ul style="list-style-type: none"> Institute for Registers and Notary (IRN) Directorate-General for the Territory Municipalities
	Set-up an out-of-court mechanism at the Land Registry to compensate for losses suffered by private parties due to Land Registry errors	<ul style="list-style-type: none"> Ministry of Justice
	Increase transparency by publishing and committing to service standards, and publish annual statistics on land disputes and sex-disaggregated data on ownership	<ul style="list-style-type: none"> Ministry of Justice Institute for Registers and Notary (IRN)
Electricity		
Utility Services	Replace the internal installation certificate with a self-certification of compliance	<ul style="list-style-type: none"> Directorate-General for Energy and Geology (DGEG) Distribution utilities Regional Energy Directorate (DREn) Regional Directorate for the Economy and Transports (DRET)
	Streamline the process for getting an excavation permit	<ul style="list-style-type: none"> Distribution utilities Municipalities
	Introduce and strengthen the online application platforms	
	Increase transparency and accountability by collecting and publishing statistics	
	Improve the reliability of the electricity supply	<ul style="list-style-type: none"> Energy Services Regulatory Authority (ERSE) Distribution utilities

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

Topic	Areas for Improvement	Relevant Stakeholders
Utility Services	Water	
	Streamline the process of obtaining an excavation permit	<ul style="list-style-type: none"> • Water utilities • Municipalities
	Enhance the use of GIS-based databases	<ul style="list-style-type: none"> • Water utilities
	Allow customers to submit a certificate of conformity for the internal installation	<ul style="list-style-type: none"> • Water and Waste Services Regulatory Authority (ERSAR) • Water and Waste Services Regulatory Authority in the Azores (ERSARA) • Water utilities
	Enhance the qualification requirements for professionals operating in the water sector	<ul style="list-style-type: none"> • Water and Waste Services Regulatory Authority (ERSAR) • Water and Waste Services Regulatory Authority in the Azores (ERSARA)
	Publish stipulated standards for water connection times online	<ul style="list-style-type: none"> • Water utilities
Dispute Resolution	Establish specialized commercial courts or commercial divisions	<ul style="list-style-type: none"> • Ministry of Justice • Judicial High Council
	Publish all judgments at the first instance level	
Business Insolvency	Revise the number of insolvency administrators per region	<ul style="list-style-type: none"> • Ministry of Justice • Commission for Legal Assistants (CAAJ)
	Enhance transparency and accountability	

Source: Subnational Business Ready

Methodology

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

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

The selection of cities for Subnational B-READY assessments in the EU is based on geographical coverage and size in consultation with the European Commission and the national governments. In Portugal, the Subnational B-READY covers eight cities in seven regions at the NUTS2¹ level: Braga (North), Coimbra (Center), Évora (Alentejo), Faro (Algarve), Funchal (Autonomous Region of Madeira),

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



Source: Subnational Business Ready

Lisbon (Lisbon Metropolitan Area), Ponta Delgada (Autonomous Region of the Azores), and Porto (North) (map 1).

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

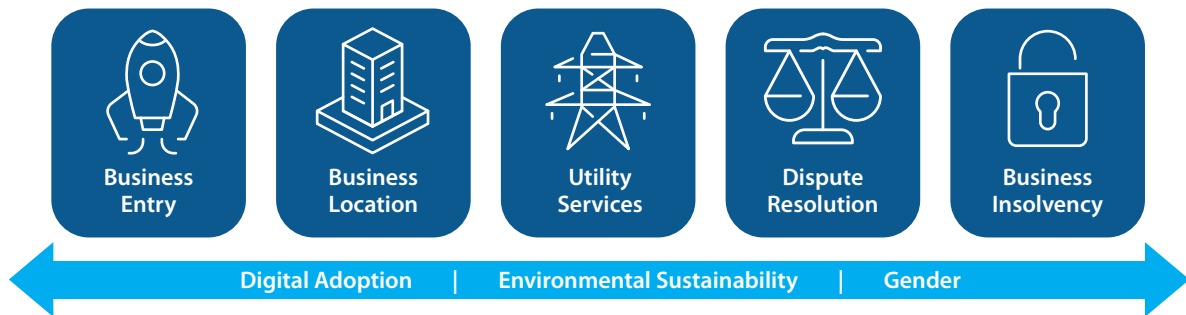
Subnational B-READY assessments in the EU are organized into five topics that follow the life cycle of the firm: Business Entry, Business Location, Utility Services, Dispute Resolution, and Business Insolvency (figure 1). Across the five topics, assessments include crosscutting areas of digital adoption,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

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

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

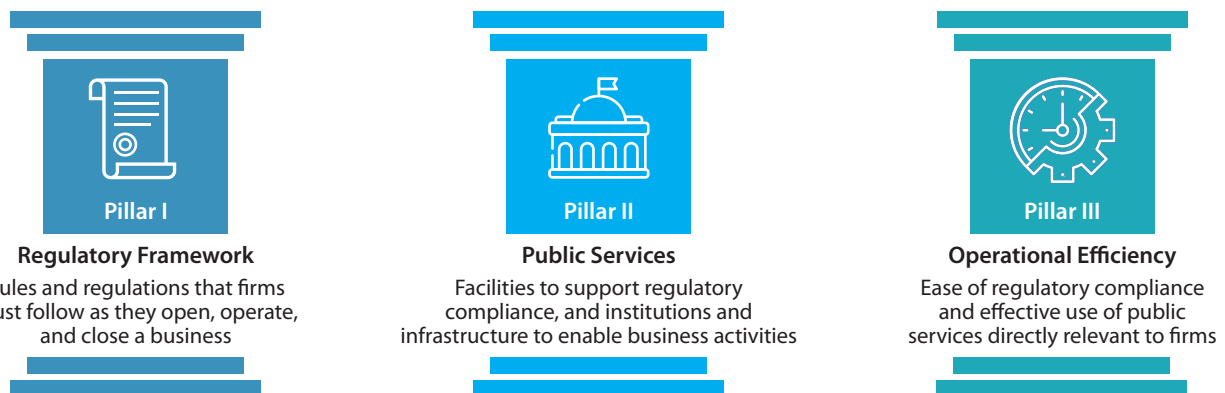
The Subnational B-READY methodology compiles a large set of indicators for each pillar within each topic following the Global B-READY categorizations.² The selection of indicators is based on their relevance, value added, and complementarity. These indicators have five major characteristics: they are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

Figure 1. Subnational B-READY Topics



Source: Business Ready

Figure 2. Subnational B-READY Pillars



Source: Business Ready

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

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

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

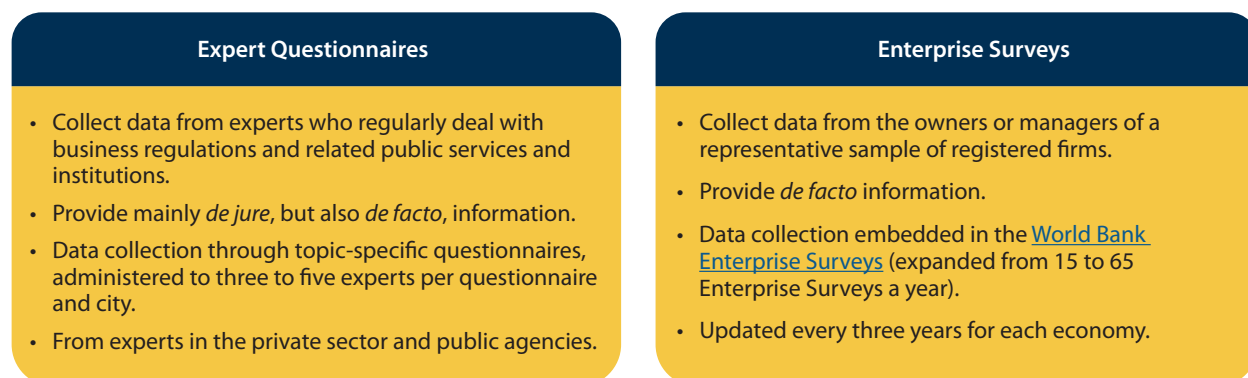
The Subnational B-READY combines primary data from expert questionnaires with data collected through Enterprise Surveys following the Global B-READY methodology (figure 3). In the EU context, data from the Enterprise Surveys aggregated at the NUTS2 region level were used for each city. Detailed data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

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

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

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

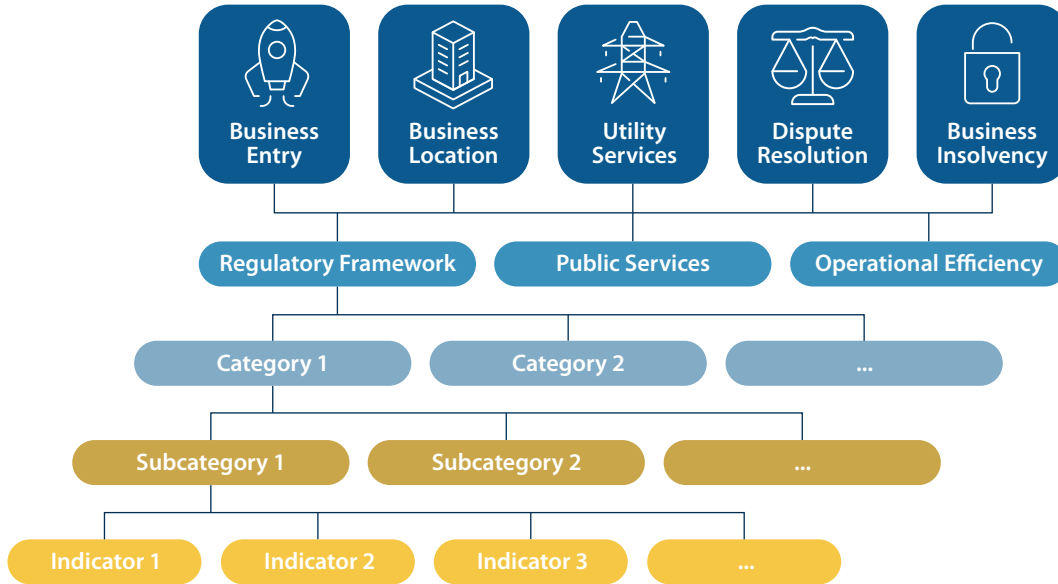
Figure 3. Subnational B-READY Data Sources



Source: Subnational Business Ready

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

Figure 4. Subnational B-READY Scoring Cascade



Source: Business Ready

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

Overall Results

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

The lowest scores obtained are on the topics of Business Location and Dispute Resolution, with average scores of 68.5 and 75.9 points, respectively, signaling room for improvement (figure 5). The Business Location topic, which comprises the subtopics of building permitting, environmental permitting, and property transfer, has the lowest city-level scores, although there is variation across cities—

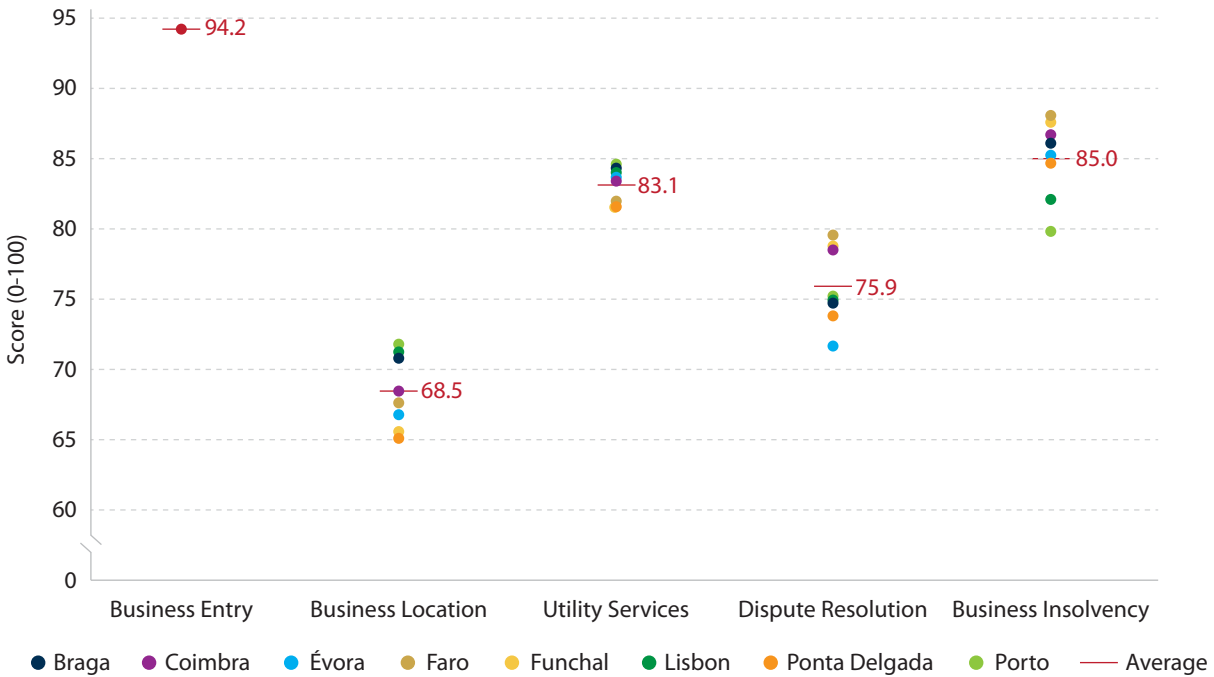
Porto obtains the highest score, with 71.9 points, while Ponta Delgada scores the lowest, with 65.2 points. In terms of subtopics, most of the variation in Business Location is driven by differences in the availability of Public Services for environmental and building permits and efficiencies in obtaining building permits and transferring property. For example, while continental Portugal has an electronic platform for environmental permits, Ponta Delgada and Funchal do not, which harms their Public Services scores.

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

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

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

Figure 5. Overall Topic Scores, by City



Source: Subnational Business Ready

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

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

All eight cities score the lowest on the Business Location topic, while Business Entry is uniformly the best-performing business regulatory area, as the process is harmonized across cities. The weaker performance in Business Location is related to limited geographic coverage of cadastral information, limited digital services for building permitting, and lengthy times needed to obtain building permits. Ponta Delgada has the highest spread between the best (Business Entry) and the worst (Business Location) topic scores, a gap of 29 points. Conversely, Porto has the most harmonized cross-topic re-

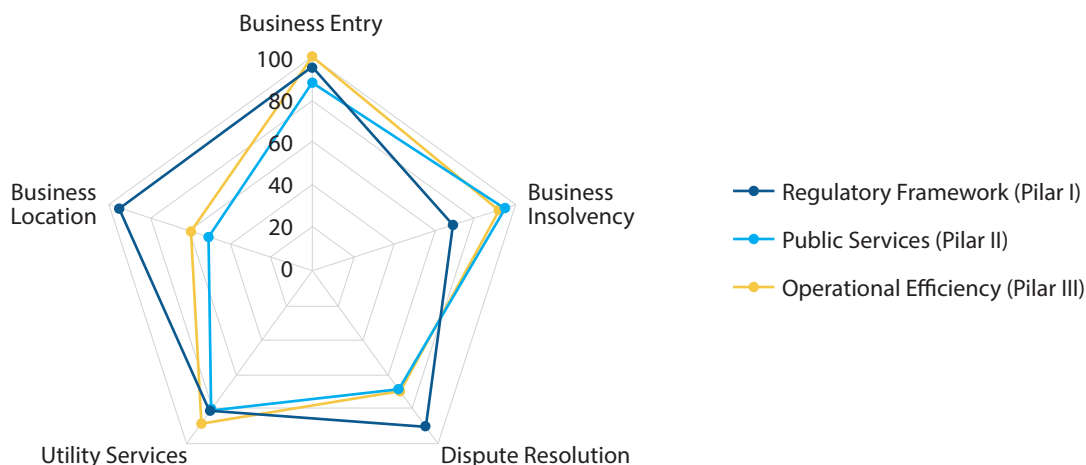
sults; the gap between its best and worst score is 22.3 points. In all cities except Lisbon and Porto, the topic scores follow the same order. In Lisbon and Porto, Utility Services is the second best-performing topic, rather than Business Insolvency, due to the longer times required to resolve insolvency proceedings in these two cities. Additionally, between the two legal topics—Dispute Resolution and Business Insolvency—Évora has the weakest score in the former, while Porto scores the weakest in the latter. Évora also has the largest score gap between these two topics: 13.6 points.

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

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

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

Figure 6. Average Pillar Scores, by Topic



Source: Subnational Business Ready

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

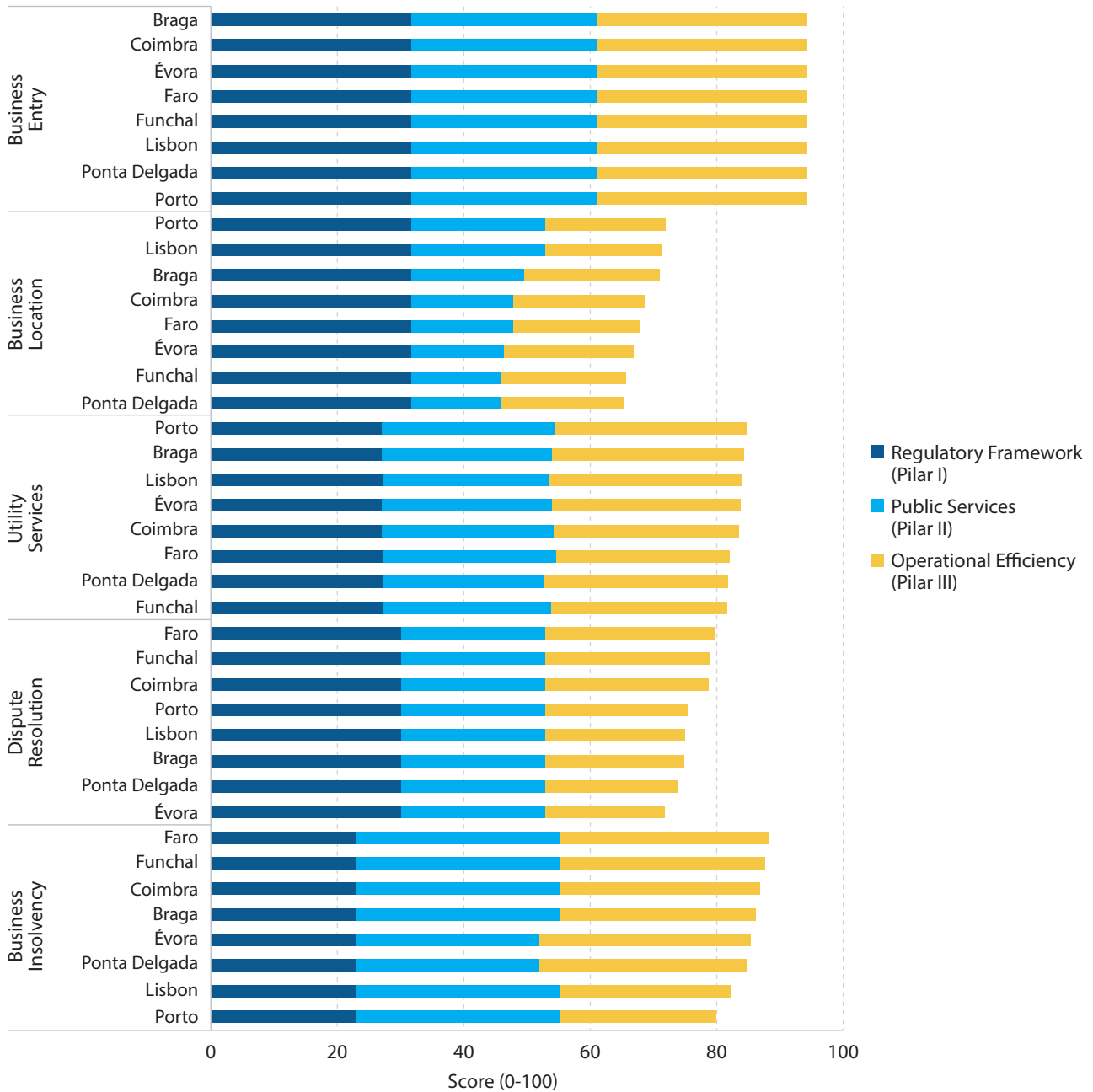
The highest average scores in Pillar III are on the Business Entry, Business Insolvency, and Utility Services topics—99.5, 91.9, and 87.8, respectively. This is explained by the comparatively low times and costs required to complete the process of business registration throughout the country and, in the case of most cities, the relatively low times and costs required to resolve liquidation and reorganization proceedings. Regarding Utility Services, the data also show fast connection times to electricity and water services in most cities, as well as a reliable supply of utility services, including internet. Conversely, the lowest Pillar III scores are in Business Location (59.8 points) and Dispute Resolution (69.4 points). In both areas, the average scores in Pillar II and Pillar III significantly lag the scores in Pillar I. This indicates that, while Portugal has adopted good practices in the Regulatory Framework in these two topics, there is notable room for improvement in terms of the quality of Public Services and the efficiency with which these processes are conducted. For example, while the measured Portuguese cities obtain a high number of points in regulations related to property-trans-

fer standards and the land administration system (Pillar I), there is room for improvement on the quality of public services and transparency of information. Various digital Public Services for property transfers are accessible, but no online complaint mechanism at the Cadaster is available, and interoperability between the land registry, cadaster databases, and other agencies is lacking.

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

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

Figure 7. Topic Scores, by City and Pillar



Source: Subnational Business Ready

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

The topics with the largest variation on Pillar III are Dispute Resolution, Business Insolvency, and Utility Services. The

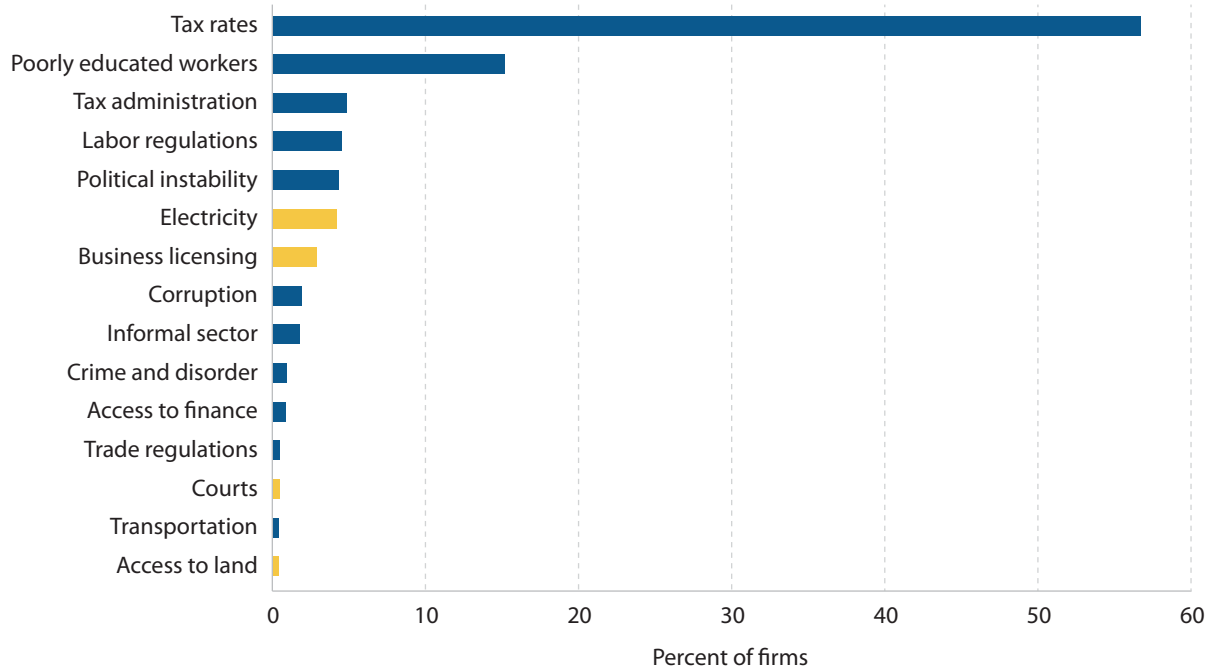
cities with the lowest score in Operational Efficiency are Évora in Dispute Resolution, Porto in Business Insolvency, and Funchal in Utility Services. In Dispute Resolution, most city variation is explained by differences in firms' perception of the reliability of courts and ADR mechanisms; in Business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

Findings from the Enterprise Surveys Data

Results from the World Bank Enterprise Surveys⁶ implemented in Portugal in 2023 show that the top three business-environment obstacles faced by firms in Portugal are high tax rates, a lack of skilled workers, and tax bureaucracy (figure 8). Among the responses directly related to the

areas measured by *Subnational Business Ready*, electricity ranks sixth overall, with 4 percent of firms considering it the biggest obstacle, and business licensing ranks seventh. Meanwhile, access to courts and land rank among the bottom three.

Figure 8. Biggest Business-Environment Obstacles Reported by Firms



Source: World Bank Enterprise Surveys 2023

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

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

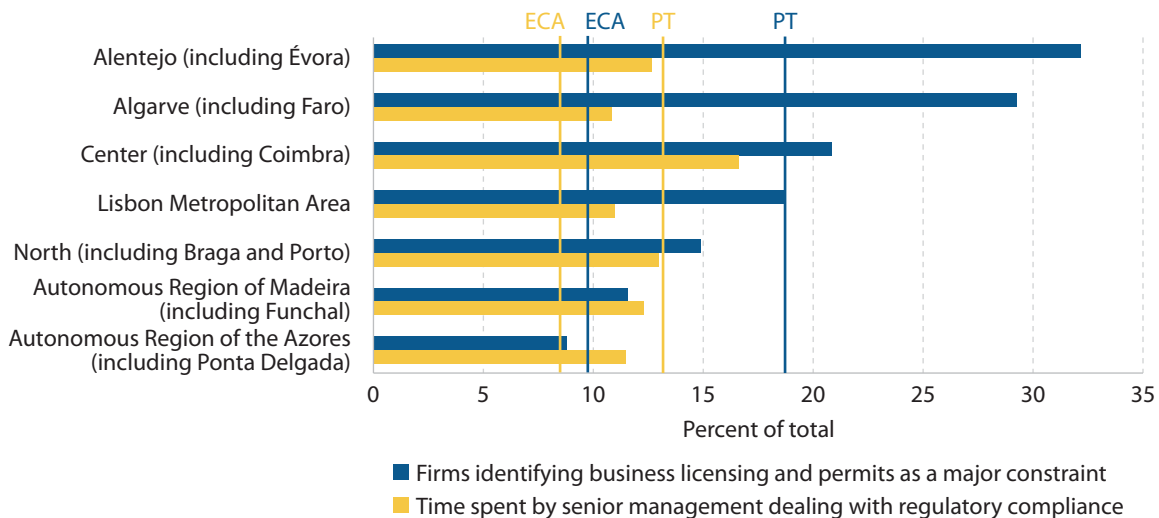
On average, senior managers of companies spend 13.2 percent of their time dealing with regulatory requirements, which is higher than the Europe and Central Asia average of 8.5 percent (figure 9). Among the Portuguese regions,⁷ senior management spends a higher percentage of time dealing with regulatory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

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

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

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

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

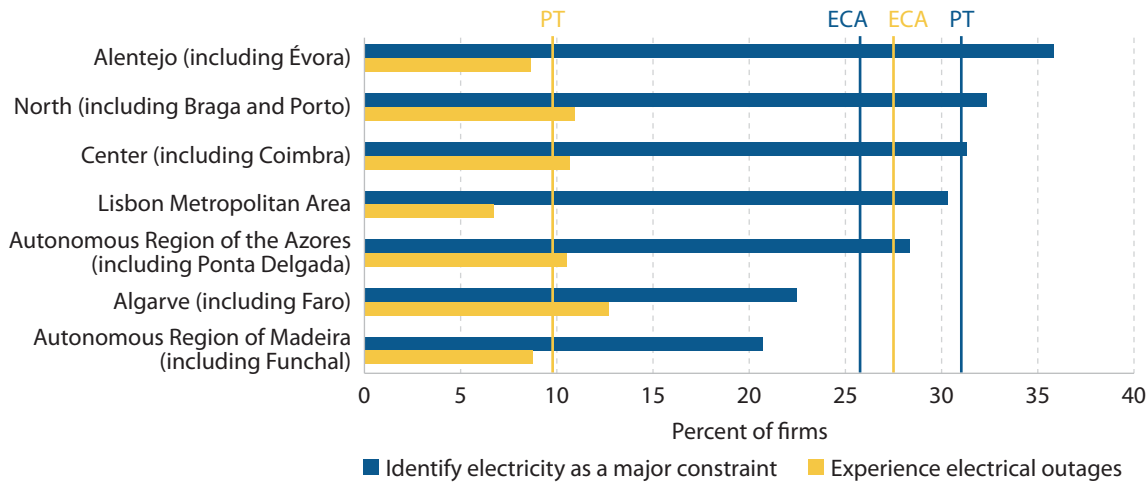


Source: World Bank Enterprise Surveys 2023

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

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

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



Source: World Bank Enterprise Surveys 2023

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



Business Entry⁸

The process of business entry is harmonized across the eight cities assessed in Portugal. The Regulatory Framework follows international good practices that facilitate the start of operations of new businesses.⁹ These practices include requirements to register complete information on new companies, the availability of simplified registration processes, and a risk-based approach for business licensing. In 2017, Portugal also adopted legislation that mandated the registration of beneficial ownership information¹⁰ of newly established businesses with the Central Registry of Beneficial Owners.¹¹ Similarly, in the area of restrictions for business entry, Portugal follows international good practices. However, national regulation still maintains a paid-in minimum capital requirement to open a new limited liability company, applicable to both domestic and foreign investors.

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

other relevant agencies to identify the company. Electronic signature and authentication options for business registration are available, as well as an automated process to verify the identity of entrepreneurs and beneficial owners.

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

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

⁸ See section 2, “Business Entry in Detail,” of the full report, for more information on the topic, the country-specific context, and a detailed assessment of the data.

⁹ Relevant regulation for business entry includes Decree-Law No. 262/86—Companies Code; Decree-Law No. 403/86—Commercial Registry Code; and Ordinance No. 657-A/2006—Commercial Registry Regulation.

¹⁰ A beneficial owner is considered as the natural person who ultimately owns or controls a company, even if the title to the property is under another name (that is, the ownership or control is exercised through a chain of ownership or by means of control other than direct shareholding).

¹¹ Law No. 89/2017 on the Central Beneficial Ownership Registry.

application through the web portal and can be completed in five days when using standard articles of association. Businesses can choose a method depending on their needs and preferences. Using *Empresa na hora*, entrepreneurs can complete the necessary steps to open a new limited liability company in as fast as 4.5 days in all eight cities assessed. The process is also streamlined, thanks to the option of choosing a company name from the list of preapproved company names. In addition to registering with the RNPC, other steps to open a new limited liability company include beneficial ownership registration, opening a bank account, VAT registration, and notification of the start of activity. Companies also need to register the admission of employees with Social Security and register the employees for accident insurance. In 2023, changes to the regulation removed the requirement for employers to register with the Labor Compensation Fund and suspended registration with the Guarantee Fund for Work Compensation. Costs associated with the business entry process are harmonized across the eight cities assessed

and amount to EUR 360 (through *Empresa na hora*), which is equivalent to 1.8 percent of income per capita.¹²

Table 2 provides a detailed overview—by pillar, category, and subcategory—of the eight Portuguese cities' performance on the Business Entry topic. The column with the rescaled points indicates the total maximum points a city can get on each of the measured areas. For example, under Pillar I (Quality of Regulations for Business Entry), category 1.2 (Restrictions on Registering a Business), subcategory 1.2.1 (Domestic Firms), cities received 22.5 points (out of a possible 25 points) due to the existence of a paid-in minimum capital requirement to open a new limited liability company. Conversely, all cities receive the maximum number of points on some of the other subcategories, such as Company Information Filing Requirements (15 out of 15) and Risk-based Assessment for Operating Business and Environmental Licenses¹³ (10 out of 10).

Table 2. Business Entry Scores

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

¹² Portugal's 2021 gross national income (GNI) per capita is EUR 20,199.

¹³ A risk-based approach for business and environmental licensing prioritizes resources and oversight based on the level of risk associated with specific business activities or sectors.

Table 2. Business Entry Scores

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

Source: Subnational Business Ready

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



Business Location

Building Permitting¹⁴

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

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

The Regulatory Framework also emphasizes environmental sustainability through building energy codes and incentives to promote green building practices. Land use and zoning regulations in Portugal are comprehensive,

including requirements for trunk infrastructure services, such as water, electricity, and sanitation. Maps identifying areas allocated for various uses, such as residential, commercial, agricultural, and public/institutional purposes, are required, as are hazard maps that outline zones where building is prohibited due to natural hazards or resource considerations. Additionally, building standards include mechanisms for disputing decisions regarding building permits, ensuring accountability and transparency in the permitting process.

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

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

¹⁴ See section 3.1, "Building Location in Detail—Building Permitting," of the full report, for more information on the topic, the country-specific context, and a detailed assessment of the data.

¹⁵ The national legal framework for building permitting includes the Legal Regime for Urbanization and Building (RJUE); the General Regulation of Urban Buildings (RGEU); the Legal Regime of Territorial Management Instruments (RJIGT); and the Land Law, among others.

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

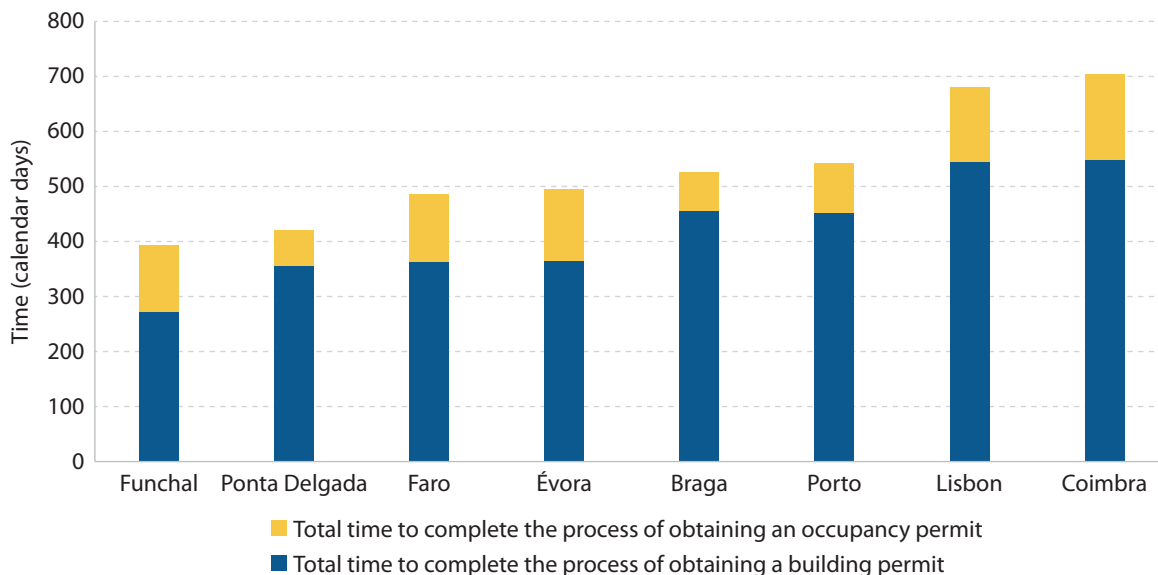
The efficiency of the building-permitting process in Portugal varies significantly among cities. Funchal has the fastest process, taking approximately nine months to obtain a building permit, while the process in Coimbra and Lisbon can take up to a year and a half. The cost of obtaining a building permit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

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

Environmental Permitting¹⁶

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

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



Source: Subnational Business Ready

¹⁶ See section 3.2, “Building Location in Detail—Environmental Permitting,” of the full report, for more information on the topic, the country-specific context, and a detailed assessment of the data.

¹⁷ Relevant regulation includes the Decree-Law No. 11/2023, of February 10, on the simplification of environmental permitting.

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

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

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

Property Transfer¹⁸

The regulatory framework¹⁹ for property transfer in Portugal is harmonized across the country and aligned with international good practices in terms of property-transfer standards, access to information on property rights and cadastral maps, and the existence of a cadastral

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

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

¹⁸ See section 3.3, “Building Location in Detail—Property Transfer,” of the full report, for more information on the topic, the country-specific context, and a detailed assessment of the data.

¹⁹ Relevant regulations for property transfer include, among others, the Land Registry Code (*Código do Registo Predial*), Decree-Law No. 224/84, of July 6, https://www.pgdlisboa.pt/leis/lei_mostra_articulado.php?nid=488&tabela=leis; the Civil Code (*Código Civil*), Decree-Law No. 47344/66, of November 25, https://www.pgdlisboa.pt/leis/lei_mostra_articulado.php?nid=775&tabela=leis; the Notarial Code (*Código do Notariado*), Decree-Law No. 207/95, of August 14, https://www.pgdlisboa.pt/leis/lei_mostra_articulado.php?nid=457&tabela=leis; the new cadastre regime (*Novo regime jurídico do cadastro predial*), Decree-Law No. 72/2023, of August 23, <https://diariodarepublica.pt/dr/detalhe/decreto-lei/72-2023-220219335>; and the Administrative Procedure Code (*Código do Procedimento Administrativo*), Decree-Law No. 4/2015, of January 7, https://www.pgdlisboa.pt/leis/lei_mostra_articulado.php?nid=2248&tabela=leis.

²⁰ The Land Registry is an official public inventory that documents and maintains information on land ownership through recording titles (rights on land) or deeds (documents concerning changes in the legal situation of land).

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

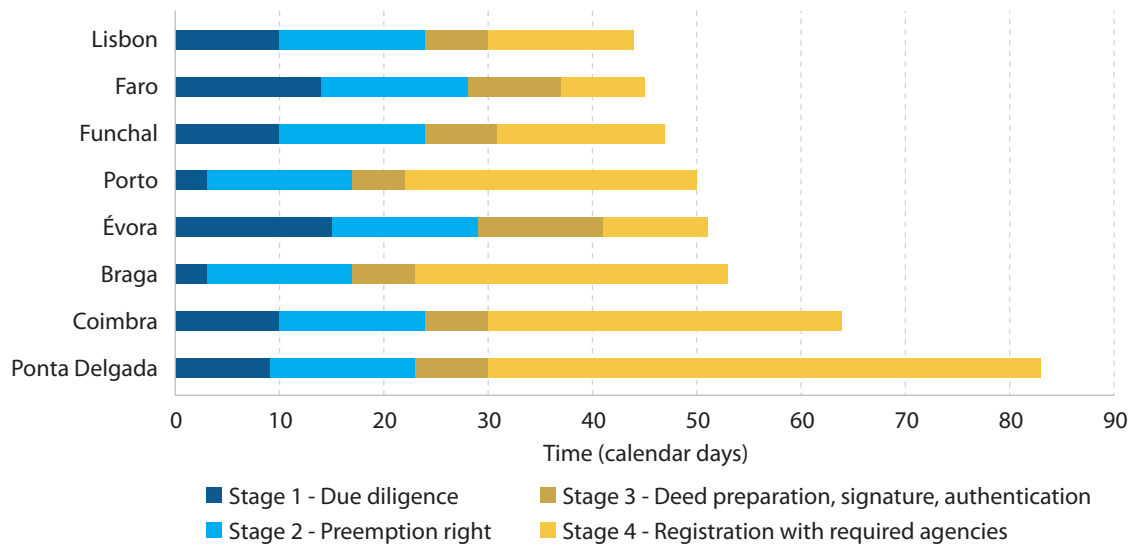
The time it takes Portugal's cities to transfer a property spans from 44 days in Lisbon to 83 days in Ponta Delgada (figure 12). The time it takes to complete the final step of registering the sale deed at the land registry is the major driver of variation between the cities. Requests for registration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

which may lead to delays. Experts from Ponta Delgada reported a significant slowdown at the local Land Registry in the last year.

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

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

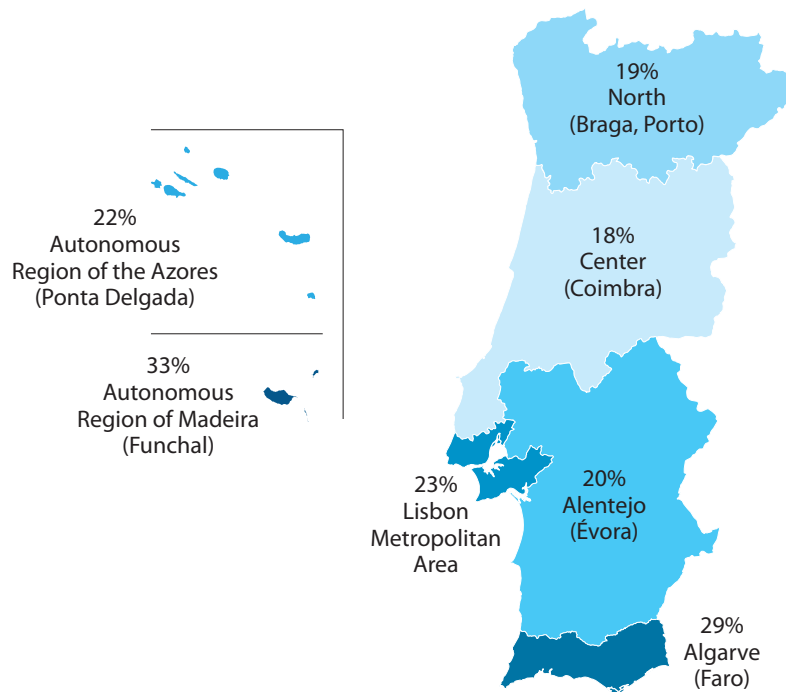
Figure 12. Time to Register a Property Transfer, by City and Stage



Source: Subnational Business Ready

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

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



Source: World Bank Enterprise Surveys 2023

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

Table 3. Business Location Scores

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

Table 3. Business Location Scores

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

Source: Subnational Business Ready

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



Utility Services

Electricity²²

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

Public Services and transparency in electricity utility services vary across Portugal. Most cities offer online platforms for submitting applications and making payments, although the availability of tracking features and stipulat-

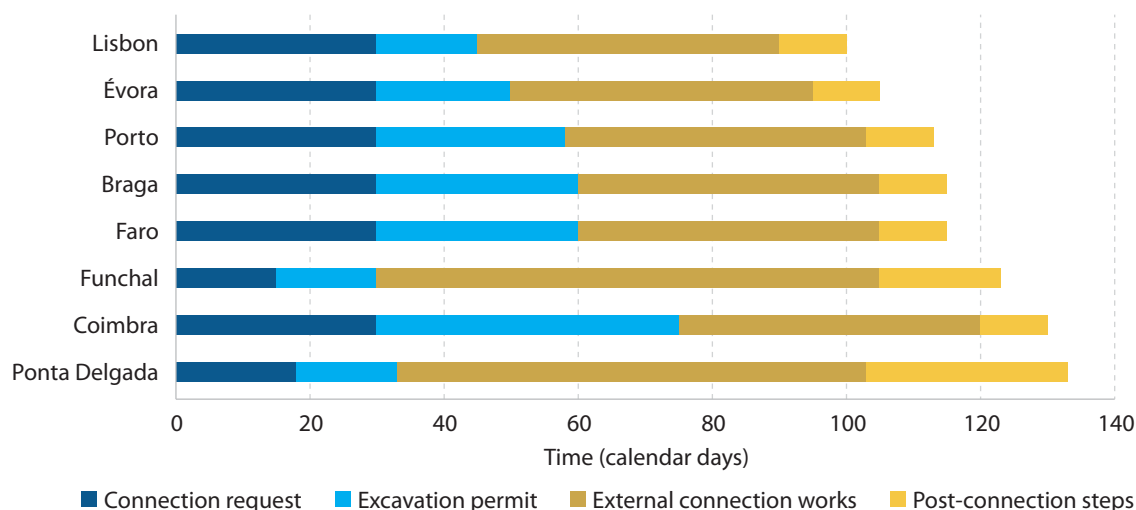
ed time standards for new connections is inconsistent. For instance, utilities in Ponta Delgada lack tracking features, while stipulated time standards for connections are not published in Funchal and Ponta Delgada. Transparency of utility services could further improve through the publication of key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

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

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

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

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

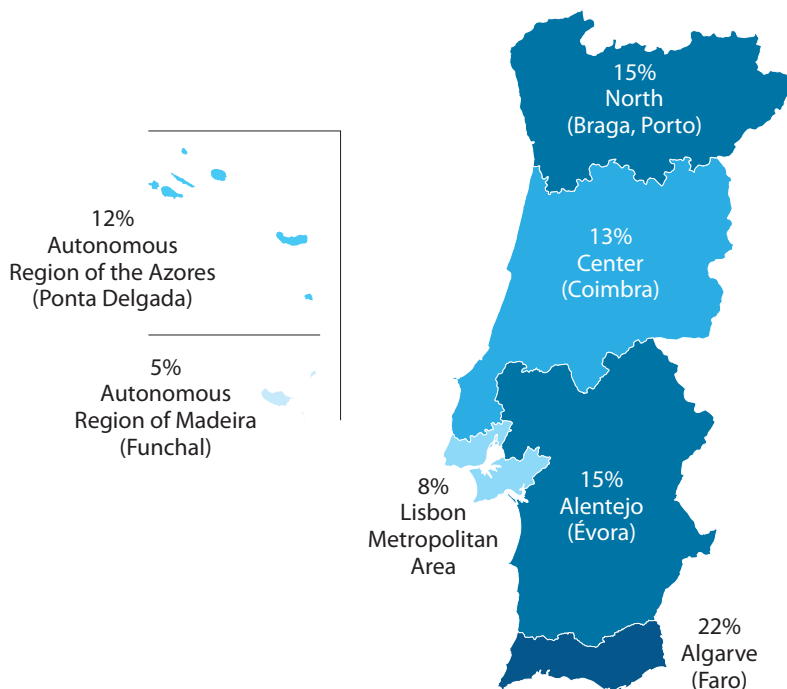


Source: Subnational Business Ready

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

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

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



Source: World Bank Enterprise Surveys 2023

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

Water²⁴

ERSAR is the national regulatory agency for water supply and sanitation in Portugal. It is responsible for overseeing water supply, wastewater management, and solid waste management. In the Azores, the Water and Waste Services Regulation Authority (ERSARA) regulates the quality of services provided by operators of water and waste services. The regulatory framework²⁵ in Portugal provides financial deterrence mechanisms to limit interruptions to the water supply and mandates requirements for joint planning and construction, such as “dig once” policies. However, there are gaps in the qualification requirements for professionals performing water installations and a lack of incentives for firms to adopt water-saving practices.

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

Public Services and transparency in water utility services vary across Portugal. Most cities offer online platforms for submitting applications for new water connections, although usage and availability differ. For example, Lisbon

is developing an online platform, while in Funchal, an existing e-portal is underutilized. Utilities in some cities conduct on-site inspections to determine the feasibility of connection, while others use the Geographic Information System (GIS) for remote assessments. The integration of digital services and the publication of key performance indicators for water quality, reliability, and environmental sustainability enhance transparency and accountability.

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

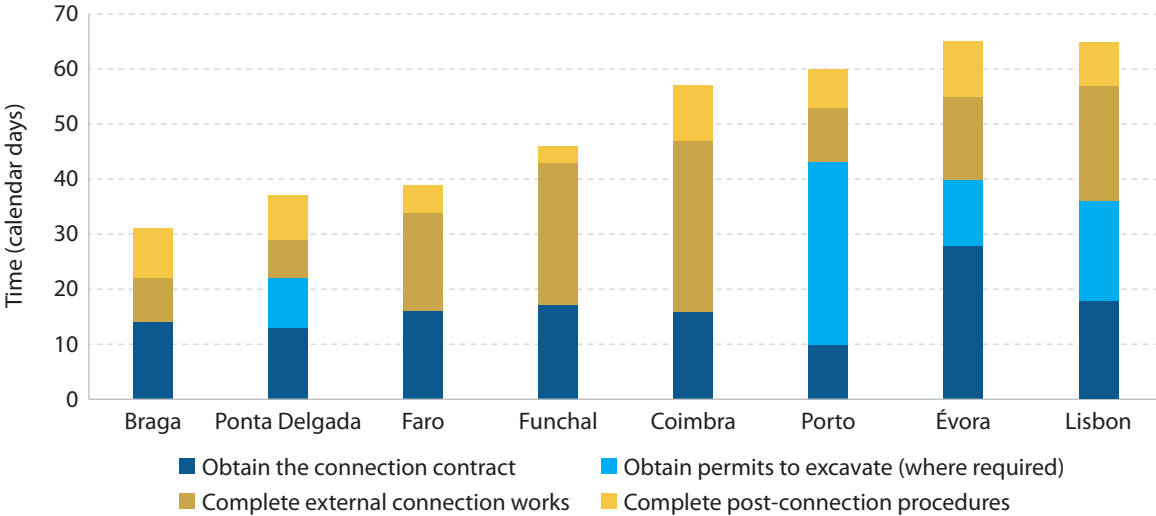
The efficiency of obtaining water connections in Portugal varies significantly across cities, affecting both time and cost. The process can take from one to two months, with the fastest times in Braga (31 days) and the slowest in Évora and Lisbon (65 days) (figure 14). The cost of obtaining a water connection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

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

²⁴ See section 4.2, “Utility Services in Detail—Water,” of the full report, for more information on the topic, the country-specific context, and a detailed assessment of the data.

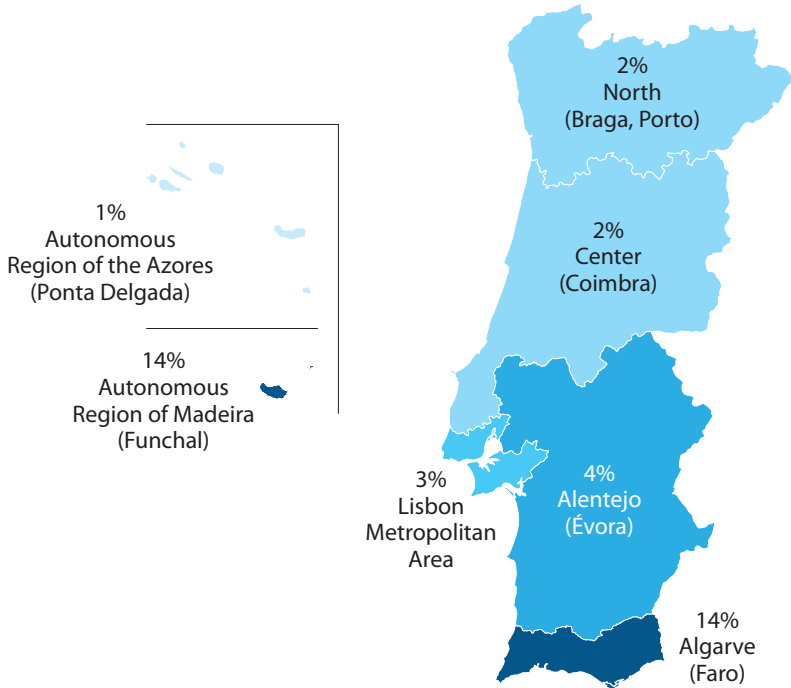
²⁵ The regulatory framework that governs water utility services includes Decree-Law No. 194/2009 and Regulatory Decree No. 23/95, among others.

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



Source: Subnational Business Ready

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



Source: World Bank Enterprise Surveys 2023

Internet²⁶

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

Additionally, the regulatory framework²⁷ mandates liability and compensation rights for personal data protection breaches, with clear reporting provisions for data incidents. The *Centro Nacional de Cibersegurança* (CNCS) is responsible for national cybersecurity coordination, conducting risk assessments, audits, and training to enforce cybersecurity laws. However, there are gaps in environmental sustainability requirements, as there are no national targets for emissions or the energy efficiency of electronic communication networks and data infrastructure. Similarly, no regulatory provisions establish mandatory environmental reporting or disclosure standards for digital connectivity and data infrastructures.

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

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

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

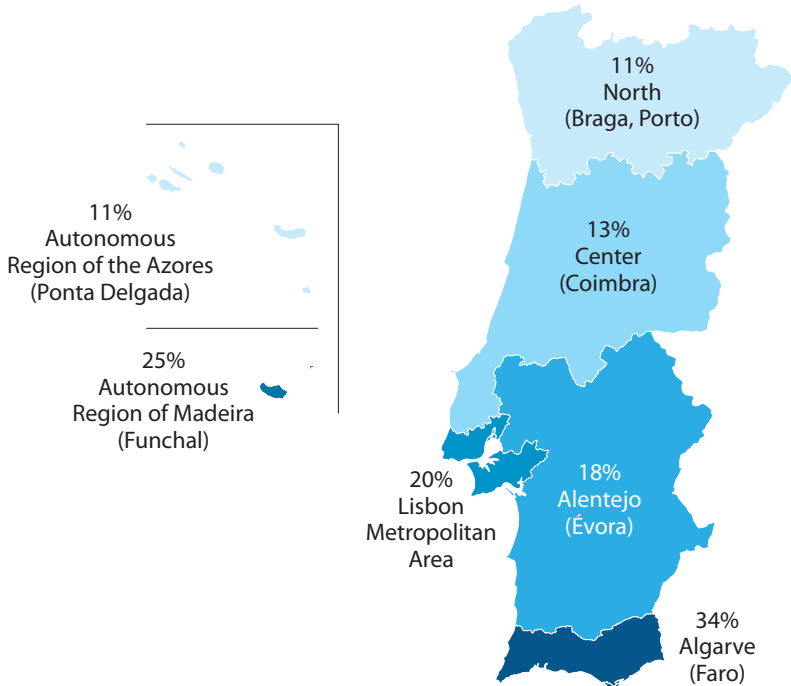
The reliability of the internet supply also varies, with 16 percent of Portuguese firms reporting internet disruptions, although this figure varies by region, according to World Bank Enterprise Surveys data (map 5). For instance, 11 percent of firms in the Autonomous Region of the Azores and the North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

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

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

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

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



Source: World Bank Enterprise Surveys 2023

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

Table 4. Utility Services Scores

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

Table 4. Utility Services Scores

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

Source: Subnational Business Ready

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



Dispute Resolution²⁸

In Portugal, the regulatory framework²⁹ and public services for dispute resolution are uniform across the cities assessed, and they mostly adhere to international good practices. Variations occur primarily in the duration and costs of commercial litigation. For instance, the time required to resolve commercial cases is just 15 months in Ponta Delgada, but 25 months in Évora and 24 months in Lisbon. This disparity is attributed to the higher caseload in larger cities, such as Lisbon, and the insufficient number of courtrooms and staff in smaller cities, such as Évora. Additionally, costs differ significantly between cities, mainly due to differences in attorneys' fees, as court fees are homogenized nationwide at 0.86 percent of the claim value at first instance and 0.43 percent at appellate level.

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

Digitalized Public Services for commercial litigation are available across all cities in Portugal, including e-filing, e-communications and exchange of documents, admissibility of digital evidence, and e-payment of court fees.

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

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

²⁸ See section 5, "Dispute Resolution in Detail," of the full report, for more information on the topic, the country-specific context, and a detailed assessment of the data.

²⁹ The main legal instruments regulating dispute resolution in Portugal are the Civil Code, Code of Civil Procedure, Law on the Organization of the Judicial System, Law on the Justices of the Peace, Voluntary Arbitration Law, and Civil and Commercial Mediation Law.

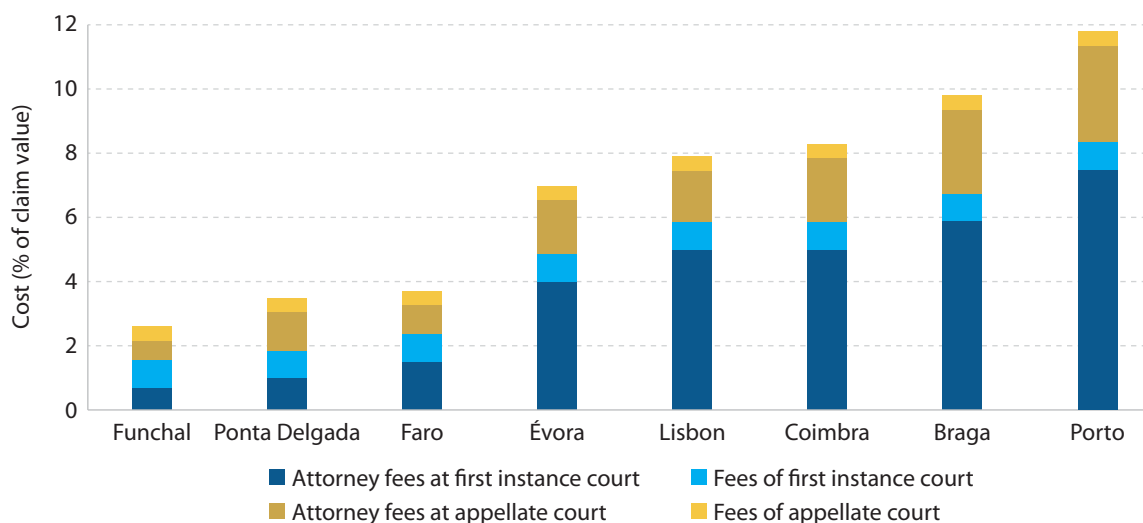
nine months for the first trial hearing, while in Évora, with only one courtroom for four judges handling both criminal and civil cases, it takes six months. Moreover, Porto and Lisbon are experiencing a shortage of court clerks, with Porto lacking 137 clerks and Lisbon lacking 263, as of 2022. These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

In Portugal, the largest disparity among cities is in the total costs for commercial litigation, despite standardized court fees nationwide (figure 15). Litigation costs comprise court fees and attorneys' fees and range from 2.6 percent of the claim value³⁰ in Funchal to 11.8 percent of the claim value in Porto. Legal fees remain unregulated, with no prescribed minimum. At first-instance level, attorneys' fees reach 7.5 percent of the claim value in Porto, 5.9 percent in Braga, and 5 percent in Coimbra and Lisbon. These higher fees are typically attributed to the larger domestic and in-

ternational companies in these larger cities. Conversely, in Ponta Delgada and Funchal, where fees are 1 percent and 0.7 percent of the claim value, respectively, lawyers often handle cases involving local companies that have a lower financial capacity. Similarly, the costs required for enforcing decisions consist of attorneys' fees, which range from 1 percent in Faro, Funchal, and Ponta Delgada to 5 percent in Coimbra. Creditors also pay enforcement agent fees that are standardized across the country at 0.04 percent of the claim value. However, these fees are paid out of the debtor's seized bank funds and not calculated toward the enforcement costs in this study.

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

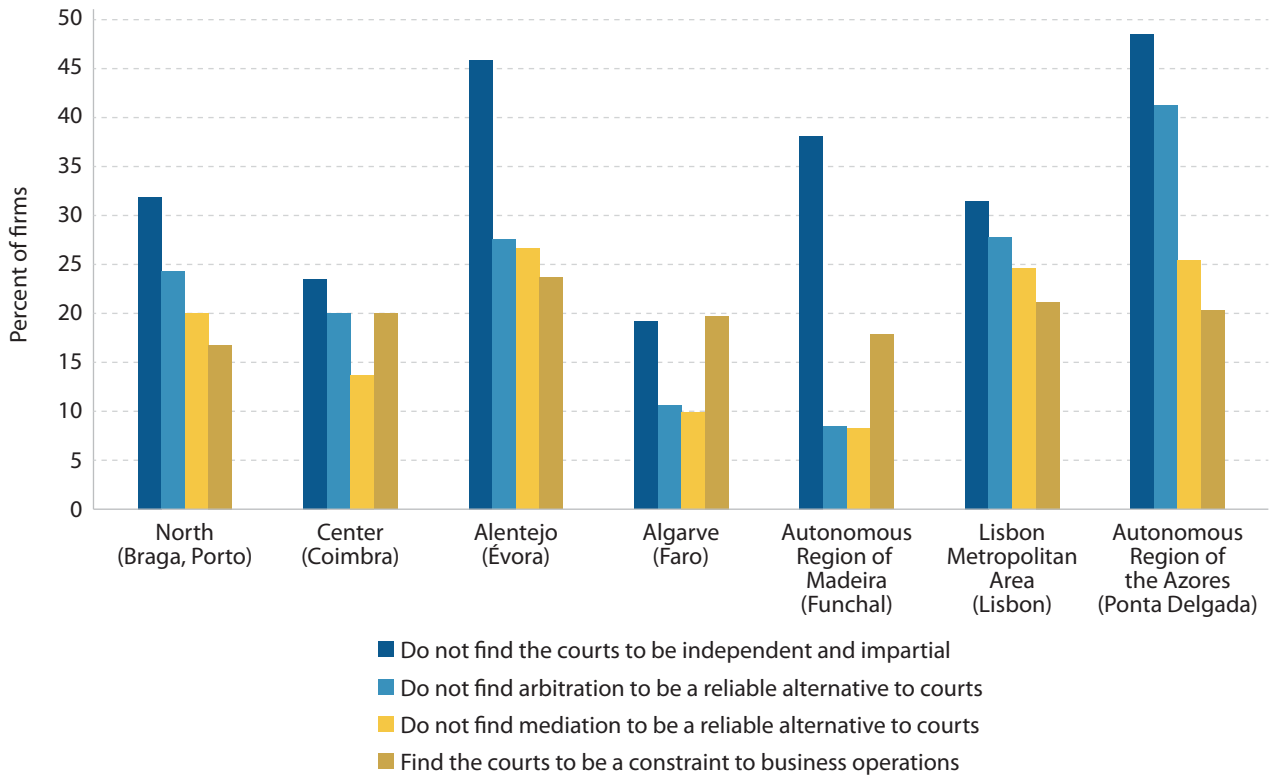
Figure 15. Cost of Court Litigation, by City and Type



Source: Subnational Business Ready

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

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



Source: World Bank Enterprise Surveys 2023

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

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

Table 5. Dispute Resolution Scores

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

Source: Subnational Business Ready

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



Business Insolvency³¹

In Portugal, the regulatory framework³² and public services provision for business insolvency are largely uniform, with minimal variation between cities. They include most insolvency tools, including out-of-court procedures, but still lack some internationally recognized good practices, such as introducing exceptions or relief for the automatic stay of proceedings that protect public policy interests, perishable or indispensable assets; electronic means for creditor voting on reorganization plans; and specialized insolvency proceedings for micro-, small, and medium-sized enterprises.

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

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

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

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

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

32 Relevant regulation for business insolvency includes Decree-Law No. 53/2004, of March 18—Insolvency and Corporate Recovery Code; Decree-Law No. 262/86, of September 2—Commercial Companies Code; Law No. 22/2013, of February 26—Statute of the Judicial Administrator; Decree-Law No. 34/2008, of February 26—Regulation of Procedural Costs; Law No. 7/2009, of February 12—Labor Law; and Law No. 41/2013, of June 26—Code of Civil Procedure.

33 <https://www.citius.mj.pt/portal/default.aspx>

veny and reorganization proceedings in all cities except Évora and Ponta Delgada, as both cities are characterized by smaller economic activity and thus have fewer business insolvency cases.

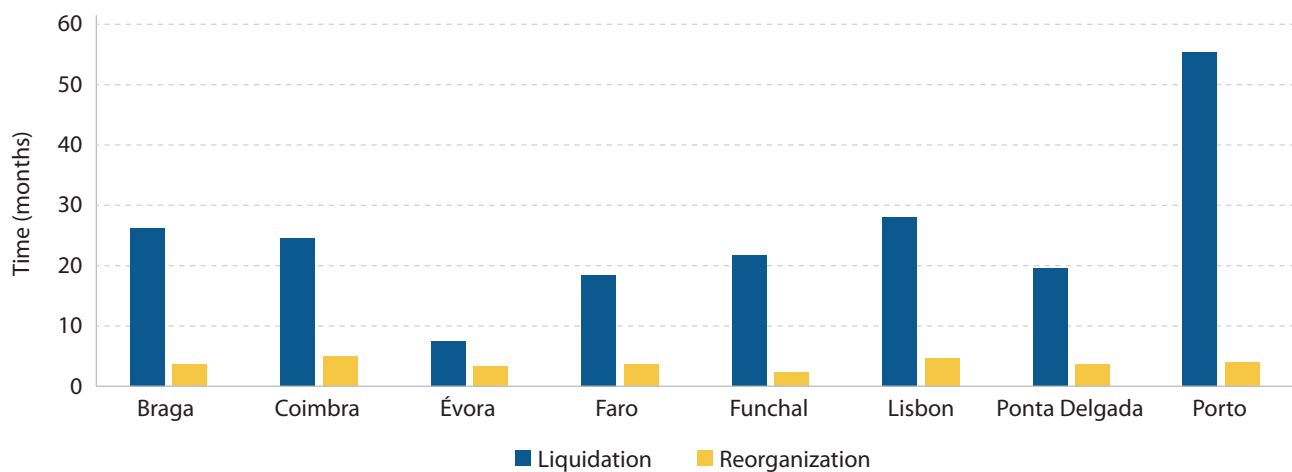
The same year, the Civil Procedure Code prioritized asset sales via electronic auction. Subsequently, the Justice Ministry set rules to regulate procedures managed through *e-leilões*,³⁴ the officially preferred electronic auction platform, overseen by the Solicitors and Enforcement Agents National Association.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

Despite these notable technological improvements, insolvency administrators have voiced concerns about *Citius*'

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

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

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



Source: Subnational Business Ready

34 <https://www.e-leiloes.pt/>

35 <https://justica.gov.pt/Noticias/Plataformas-tecnologicas-Magistratus-e-MP-Codex-avancam-nos-tribunais>

36 In Évora, the number of insolvency cases related to legal entities is lower than in other cities benchmarked, and it decreased by 54 percent between the first quarter of 2023 and 2024. More information is available at <https://www.iberinform.pt/noticias/detalle/insolvencias-aumentam-26-porcento-no-primeiro-trimestre-de-2024>.

showed that Porto had 71 company insolvency declarations, while Lisbon had 53.³⁷ Experts noted that procedural events that contribute to delays include asset seizures, disputes on the ranking of claims, and the unreliability of registry office databases accessed via Citius. For reorganization proceedings, the legal framework's strict time frames lead to resolution within six months. In this vein, Coimbra has the longest duration for approving a reorganization plan, taking five months, while Funchal completes this process in two months. While having fewer insolvency cases,³⁸ Funchal also benefits from a specialized insolvency section.

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

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

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

³⁷ <https://estatisticas.justica.gov.pt/sites/siej/en-us/Pages/Temas/Insolvencias-decretadas.aspx>

³⁸ In 2023, only 54 companies in Madeira were declared insolvent. Statistics on the number of insolvencies in Portuguese cities are available at <https://estatisticas.justica.gov.pt/sites/siej/en-us/Pages/Temas/Insolvencias-decretadas.aspx>.

³⁹ For an insolvent's company market value of EUR 3,029,828, equal to 150 times the 2021 GNI per capita. Portugal's 2021 GNI per capita is EUR 20,199.

Table 6. Business Insolvency Scores

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

Table 6. Business Insolvency Scores

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

Source: Subnational Business Ready

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



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