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

SLOVAK REPUBLIC

WORLD BANK GROUP
Development Economics | Global Indicators

SUBNATIONAL BUSINESS READY

With funding by the European Commission

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Foreword

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

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

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

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

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

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

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

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

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

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

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

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

consists of Gemechu Aga, Nesma Ali, David C. Francis, Norma Janeth Gomez Caceres, Caroline Gomes Nogueira, Arvind Jain, Filip Jolevski, Nona Karalashvili, Hibret Maemir, Eugenia Aurora Rodriguez Cuniolo, Davide Salvatore Mare, William Soh, Nazim Tamkoc, Kohei Ueda, Domenico Viganola, Rose Wairimu Gachina, and Joshua Wimpey.

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Executive Summary

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

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

Objective

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

Intended Audience

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

The Importance of Regional Data

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

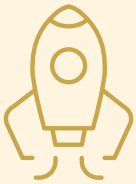
By highlighting both achievements and areas for improvement, these assessments aim to support national and regional policy makers in driving meaningful reforms. In this way, the project exemplifies the shared commitment of the World Bank and DG REGIO to enhancing economic cohesion and resilience within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

Key Findings

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

Areas of Improvement

Business Entry



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

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

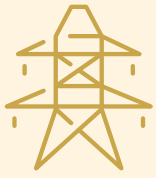
Business Location

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

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

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

Utility Services



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

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

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

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

Dispute Resolution

To enhance dispute resolution in the Slovak Republic, some key steps are recommended. Firstly, improving case management techniques by establishing clear procedural timeline rules will contribute to more efficient courts. Enforcing stricter deadlines for serving defendants, filing statements of defense, and issuing expert opinions will provide greater legal certainty and predictability. Secondly, promoting the use of alternative dispute resolution mechanisms is essential, as they will improve court efficiency by decreasing the volume of disputes that proceed to litigation.

Business Insolvency

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

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

Topic	Areas for Improvement	Relevant Stakeholders
Business Entry	Eliminate the start-up capital requirement for limited liability companies	• Ministry of Justice • Ministry of the Interior • Financial Administration • Commercial Registry
	Review the requirements to obtain a trade license	
	Streamline the VAT registration process	
Business Location	Building Permitting	
	Streamline the process for preconstruction approvals	• Section for Construction, Housing Policy and Urban Development of Ministry of Transport • Municipalities
	Incorporate electronic platforms throughout the building permitting process	
	Harmonize spatial planning and environmental impact assessment processes	• Section for Construction, Housing Policy and Urban Development of Ministry of Transport • Ministry of Environment • Municipalities
	Environmental Permitting	
	Fully adopt a risk-based approach to environmental approvals	• Ministry of the Environment • District office in the seat of the region • District office
	Property Transfer	
	Fully digitalize the back-office operations at the Land Registry when processing requests	• Geodesy, Cartography and Cadaster Authority • Ministry of Investments, Regional Development and Digitalization
	Consider adjusting the legal framework to make mandatory the verification of the identity of both parties involved in a transaction	• Ministry of Justice • Geodesy, Cartography and Cadaster Authority
	Introduce mechanisms for dealing efficiently with land disputes	
	Increase transparency by publishing responses to complaints at the Land Registry and statistics on land disputes	• Geodesy, Cartography and Cadaster Authority • Ministry of Investments, Regional Development and Digitalization
Utility Services	Electricity	
	Increase transparency and accountability by collecting and publishing statistic	• Regulatory Office for Network Industries (ÚRSO) • Distribution utilities
	Improve the reliability of electricity supply	
	Water	
	Introduce incentives aimed at ensuring that businesses comply with water-saving practices	• Regulatory Office for Network Industries (ÚRSO) • Municipalities • Water utilities
	Introduce regular multistakeholder meetings to coordinate the processing of excavation permits	• Municipalities • Water utilities
	Introduce online applications for water connections	• Water utilities
Dispute Resolution	Improve case management by introducing strict time limits and a maximum number of adjournments	• Ministry of Justice • Local courts
	Promote alternative dispute resolution mechanisms	

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

Topic	Areas for Improvement	Relevant Stakeholders
Business Insolvency	Review the requirement for creditors to be satisfied with at least 50% of their claims in reorganization proceedings	• Ministry of Justice • Local courts
	Enhance the "duty to file" regulation to reduce delays to initiate bankruptcy proceedings	

Source: Subnational Business Ready

Methodology

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

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

The selection of cities for Subnational B-READY assessments in the EU is based on geographical coverage and size in consultations with the European Commission and the national governments. In the Slovak Republic, the Subnational B-READY covers five cities in four regions at the NUTS2[1] level: Bratislava (Bratislava region), Košice (Eastern), Prešov (Eastern), Trnava (Western), and Žilina (Central) (map 1).

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

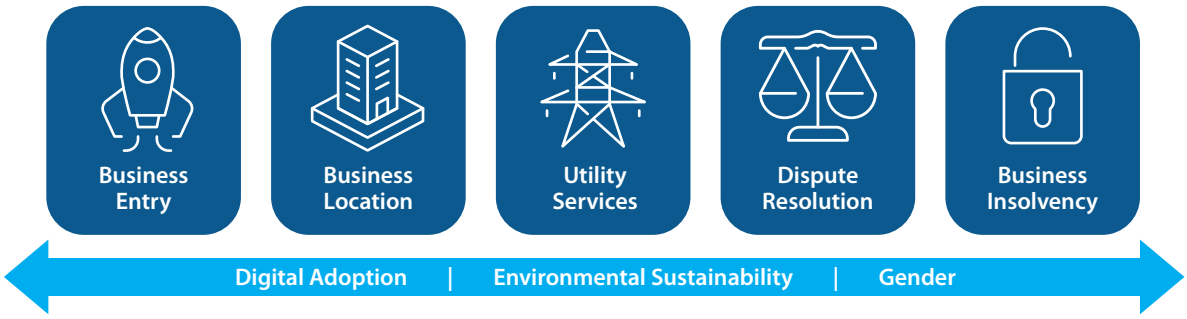
Source: Subnational Business Ready

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

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

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.

Figure 1. Subnational B-READY Topics



Source: Business Ready

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

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

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

Figure 2. Subnational B-READY Pillars

Source: Business Ready

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

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

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

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

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

Figure 3. Subnational B-READY Data Sources

Expert Questionnaires

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

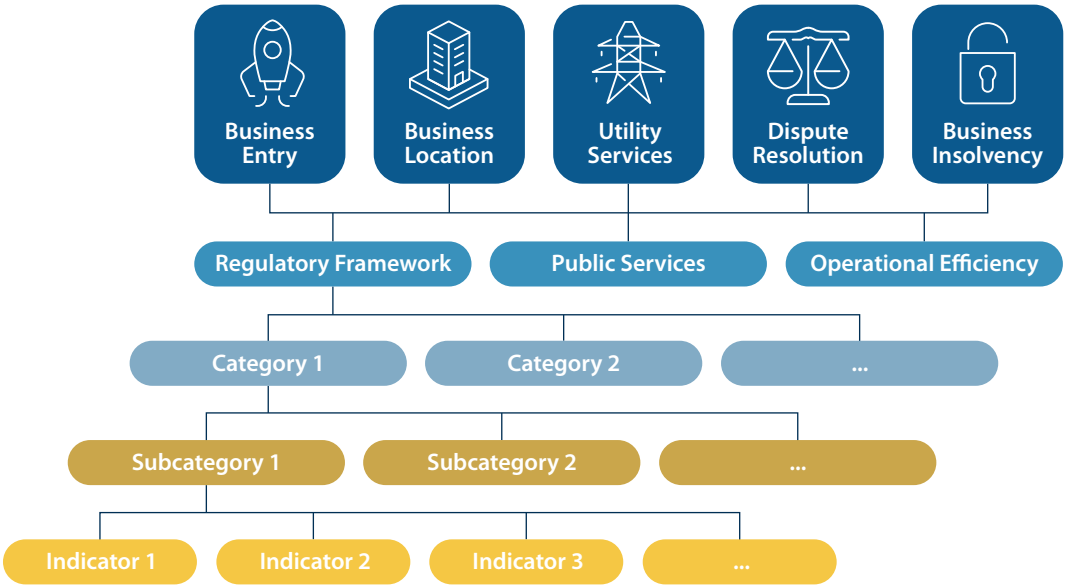
Enterprise Surveys

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

Source: Subnational Business Ready

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

Figure 4. Subnational B-READY Scoring Cascade



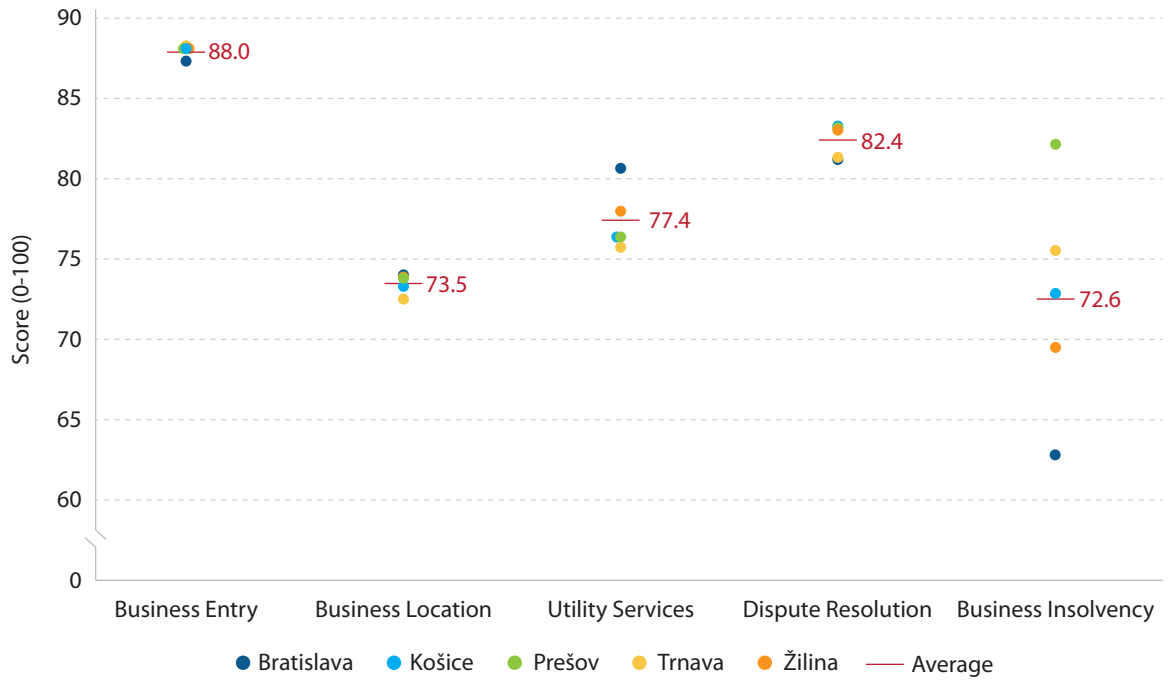
Source: Business Ready

Overall Results

The Slovak Republic's cities have the highest average score in the areas of Business Entry and Dispute Resolution: 88.0 and 82.4 out of 100 points, respectively (figure 5). In Business Entry, there is limited variability across cities—with a gap of less than one point between the highest- and the lowest-scoring city, which are Trnava and Bratislava, respectively—indicating that company incorporation processes are implemented with similar effectiveness across the measured cities. Similarly, Dispute Resolution scores show low variation, with Bratislava and Trnava scoring just above 81 points and the other cities scoring above 83 points.

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

Figure 5. Overall Topic Scores, by City



Source: Subnational Business Ready

formance gap among cities is observed. The best-performing city on this topic, Prešov, scores 82.2 points, while the weakest performer, Bratislava, scores 62.8 points, resulting in a remarkable 19.4 point difference across the two ends of the distribution. The most important driver for score variation is the cost for lawyers' fees in Bratislava, compared to the other Slovak cities. Fees in the capital city are remarkably higher for both liquidation[4] and reorganization.[5]

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

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

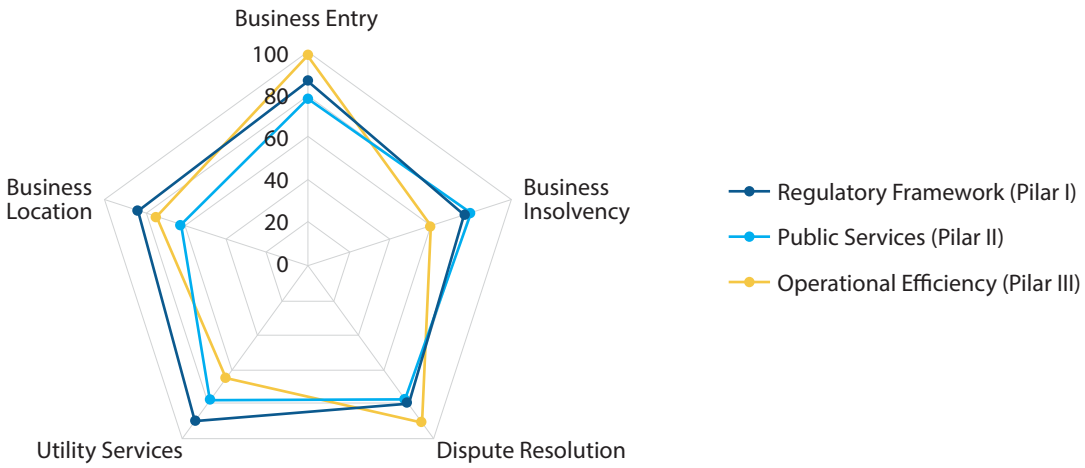
Business Entry is uniformly the best performing topic at the city level. In three of the five cities, the lowest scores are observed on the Business Insolvency topic, with Bratislava having the weakest performance, with 62.8 points. This area suffers from a notable lack of electronic auctions and online creditors' meetings, due to insufficient technical equipment. Additionally, there is a critical need to strengthen regulations to ensure timely bankruptcy filings by companies upon recognizing signs of insolvency, as current penalties appear insufficient to enforce compliance effectively. Moreover, liquidation and reorganization processes are long and costly in cities such as Bratislava and Žilina, compared to the rest of the country, reflecting regional disparities in case complexity and the allocation of judicial resources and explaining the subnational differences observed in the scoring. Conversely, other cities have more room for improvement on the Business Location topic. This is the case of Trnava, for example, which ranks as the second slowest city for obtaining both a building permit and environmental clearances for construction. Additionally, 29 percent of firms in the Western region (of which Trnava is part) reports access to land as an obstacle in their operations—the highest share across regions.

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

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

4 Liquidation is the process of assembling and selling the assets of an insolvent debtor to dissolve the company and distribute the proceeds to its creditors. Liquidation may include the piecemeal sale of the debtor's assets or the sale of all or most of the debtor's assets as a going concern. The term *liquidation* refers only to formal in-court insolvency proceedings and does not include the voluntary winding up of a company.
5 Reorganization refers to the collective proceedings through which the financial well-being and viability of a debtor's business may be restored based on a reorganization plan, so that the business can continue to operate as a going concern, including debt forgiveness, debt rescheduling, debt equity conversions, and sale of the business (or parts of it). The term *reorganization* refers exclusively to formal in-court proceedings available to all commercial debtors and does not include schemes of arrangement and out-of-court agreements with creditors.

Figure 6. Average Pillar Scores, by Topic



Source: Subnational Business Ready

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

Slovak cities enjoy uniform regulatory frameworks and largely share the same level of public service quality. However, how regulations are implemented and the efficiency of public agencies vary within the country: most of the cross-city variation identified by this study is driven by differences in the Operational Efficiency of business regulatory processes (figure 7). Since many of the aspects of business regulation analyzed in this report are nationally legislated, there is no city-level variation on Pillar I, which measures regulatory quality, within the country. The best performing topic on Pillar I is Utility Services (89.7 points), followed by Business Entry (86.7 points). Most opportunities for improvement on the Regulatory Framework are highlighted by the Pillar I scores obtained on Business Insolvency (77.2 points) and Dispute Resolution (79.4 points). In provision of Public Services (Pillar II), the Slovak cities are also well harmonized, except for a small difference in Utility Services, where the best performers—Bratislava and Žilina—score two points ahead of Košice and Prešov and 3.1 points ahead of Trnava.

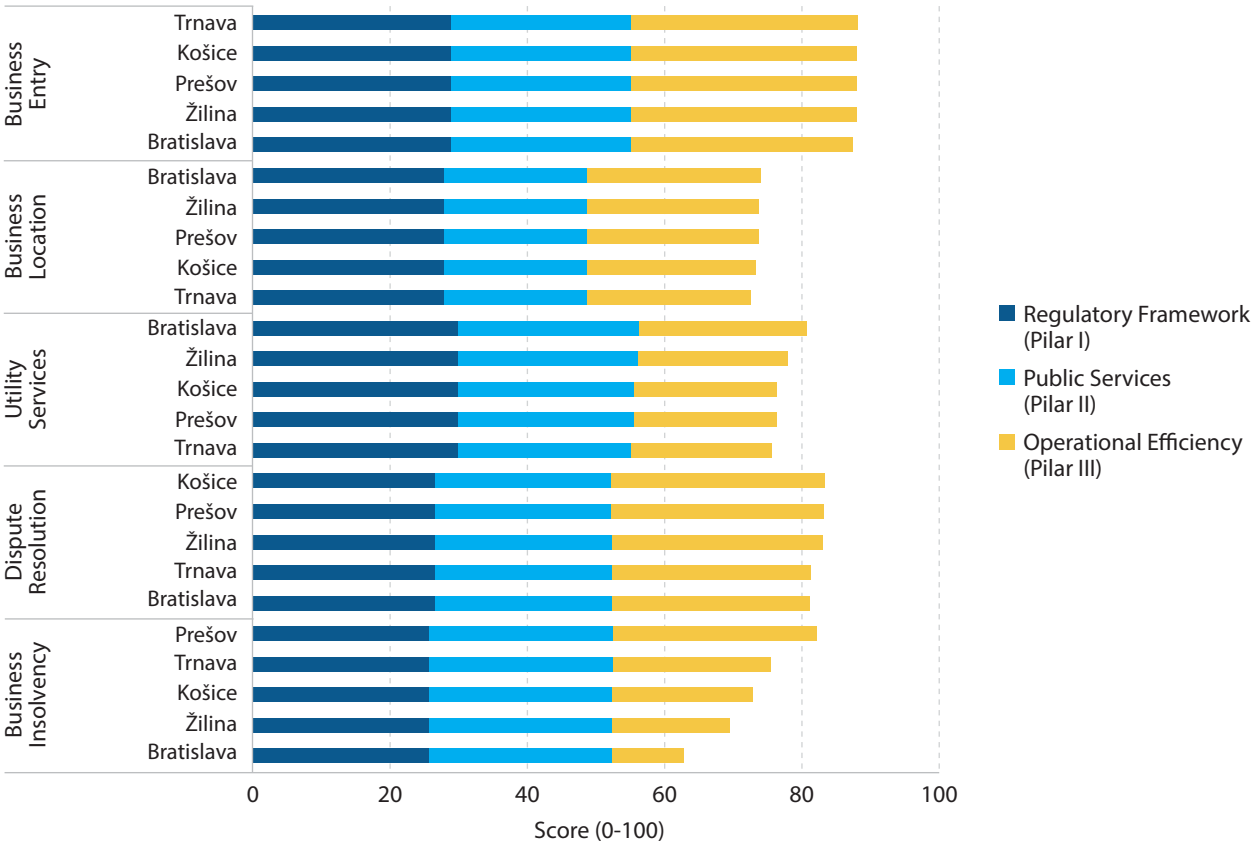
The variation in Pillar III scores is the starkest in Business Insolvency (figure 7). The different workloads that local courts face determine the variation in the duration of liquidation proceedings in the different cities. Liquidation proceedings take 39 months in Žilina, where cases tend to be numerous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

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

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

practical implementation of regulations, subnational differences do exist. Take the example of business incorporation: the time required to register a new limited liability company varies from 10.5 days in Trnava to 20.5 days in Bratislava, depending on the time it takes for local offices of the Financial Administration to process applications for income tax as well as complete VAT registration.

Figure 7. Topic Scores, by City and Pillar



Source: Subnational Business Ready

Findings from the Enterprise Surveys Data

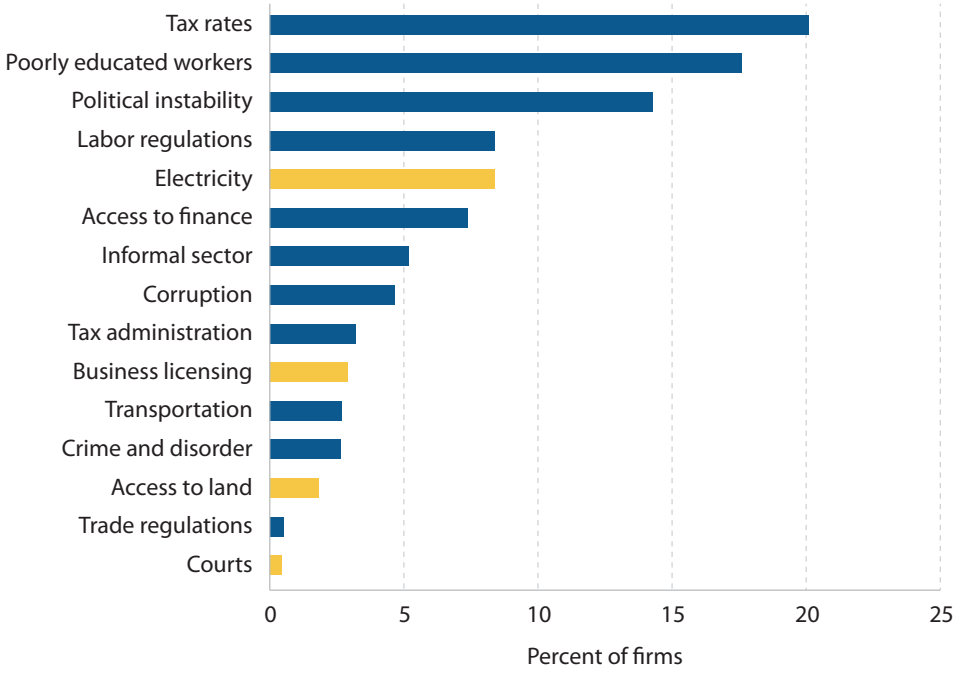
Results from the World Bank Enterprise Surveys [6] implemented in the Slovak Republic in 2023 show that, on average, senior managers of companies spend only 3.5 percent of their time dealing with regulatory requirements. To put things in perspective, the regional average for Europe and Central Asia is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

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

Although electrical outages are quite rare, about 14 percent of large firms, 9.4 percent of medium firms, and 11.6 percent of small firms own or share a generator. When used, generators produce, on average, only 10.9 percent of electricity. Even more significantly, about 86.2 percent of large firms identify electricity as a major constraint to their business operation. This share is lower for medium (68.2 percent) and small (66.8 percent) firms but still significantly higher than the 25.8 percent average in Europe and Central Asia. The percentage of firms identifying access to electricity as a major constraint is highest in the Central and Eastern regions (76.7 percent), while fewer companies reported electricity as a major constraint in Bratislava and the Western region (61 percent) (figure 9).

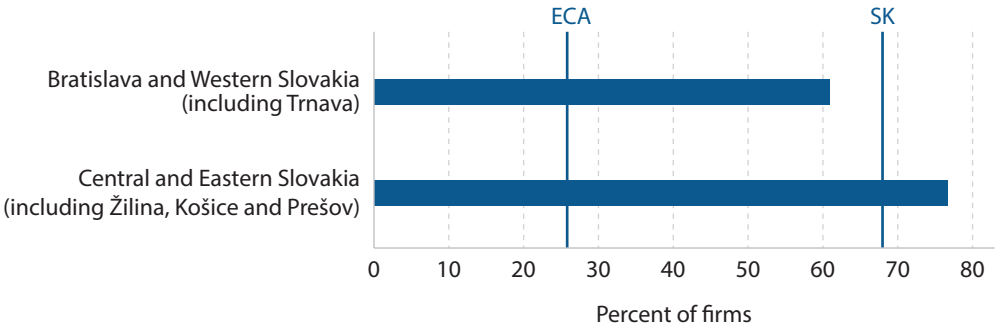
6 For more information, visit the Enterprise Surveys website at https://www.enterprisesurveys.org/

Figure 8. Biggest Business-Environment Obstacles Reported by Firms



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

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



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

Business Entry[7]

The country performs on par with international good practices in the regulatory framework regarding requirements on company information and procedural standards. The Slovak Republic has also adopted regulation on the registration of beneficial ownership[8] information to further enhance financial transparency and accountability. This was supported by the establishment of the beneficial ownership registry in 2018. While simplified company registration is in place, some limitations remain, as it is available only when a specific set of conditions are met. The Slovak Republic also follows international good practices regarding restrictions for business entry. However, entrepreneurs must present records on criminal history or affidavits in order to register, and they need to obtain a general operating license regardless of the type of business. In addition, the law maintains a paid-in minimum capital requirement of EUR 5,000 to open a new limited liability company, applicable to both domestic and foreign entrepreneurs.

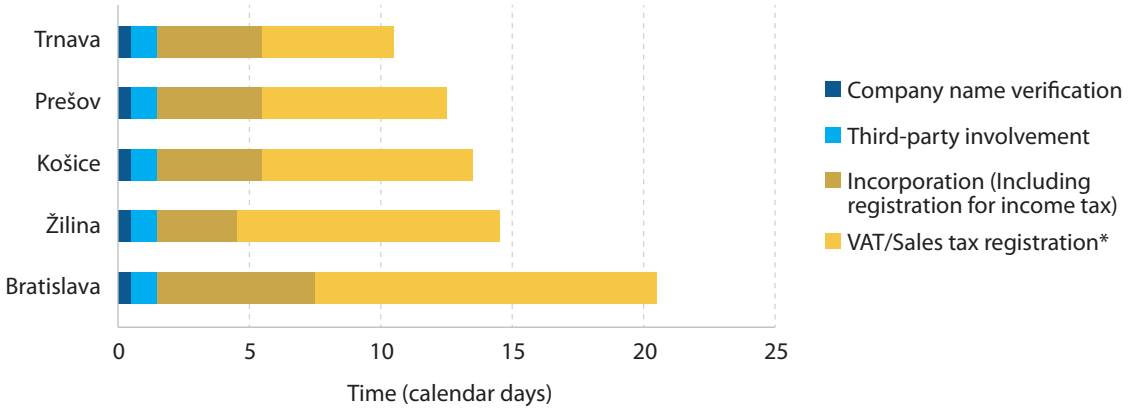
Available public services for business entry include electronic company registration and the use of digital tools to keep company records. Databases on company information and beneficial ownership are fully electronic, centralized, and cover all types of companies and establishments. Companies are assigned a unique business ID number (*Identifikačné číslo organizácie*), which is used by key public sector agencies. Although information is exchanged among these agencies, the update of company information has yet to be fully automated. Similarly, electronic signature and authentication are available in the Slovak Republic, but a fully automated process to verify identity documents does not yet exist.

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

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

7 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.
8 A beneficial owner is considered as the natural person who ultimately owns or controls a company, even if the title to the property is under another name (that is, the ownership or control is exercised through a chain of ownership or by means of control other than direct shareholding).
9 The Slovak Republic's 2021 gross national income (GNI) per capita is EUR 17,451.

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



Source: Subnational Business Ready.
*Occurs simultaneously with bank account opening and registration of employees and social security.

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

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

Table 2 provides a detailed overview—by pillar, category, and subcategory—of the Slovak cities' performance on the Business Entry topic. The column with rescaled points 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 1.1 (Information and Procedural Standards), subcategory 1.1.3 (Availability of Simplified Registration), cities received 6.7 points (out of a possible 10 points) due to the limited availability of simplified registration. Conversely, all cities receive the maximum number of points on other subcategories, such as Company Information Filing Requirements (15 out of 15) and Risk-based assessment for Operating Business and Environmental Licenses[10] (10 out of 10).

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

Table 2. Business Entry Scores

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

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

Business Location

Building Permitting[11]

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

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

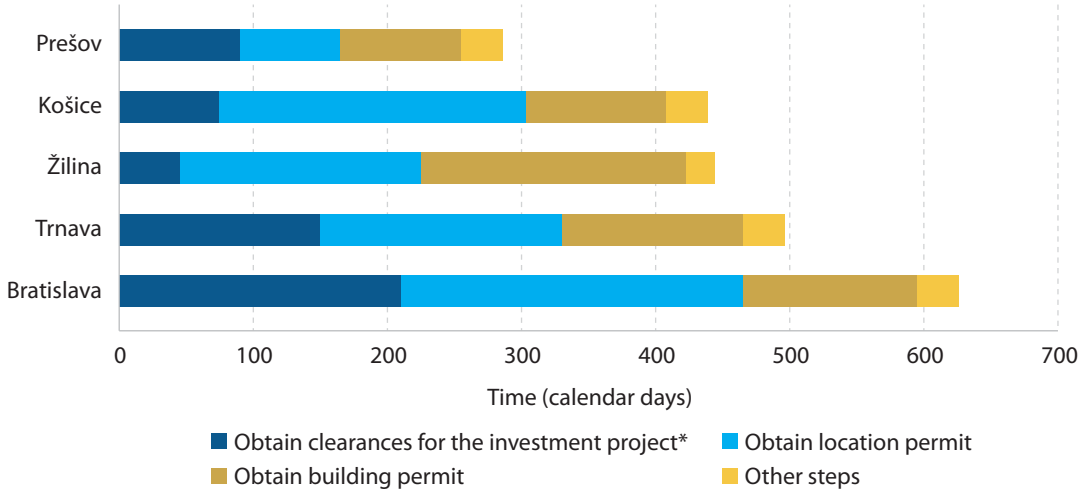
Land use and zoning regulations in the Slovak Republic are comprehensive, including requirements for trunk infrastructure services, such as water, electricity, and sanitation. Maps identify areas allocated for various uses, such as residential, commercial, agricultural, and public/institutional purposes. Hazard maps outline zones where building is prohibited due to natural hazards or resource considerations.

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

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

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

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



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

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

Environmental Permitting[13]

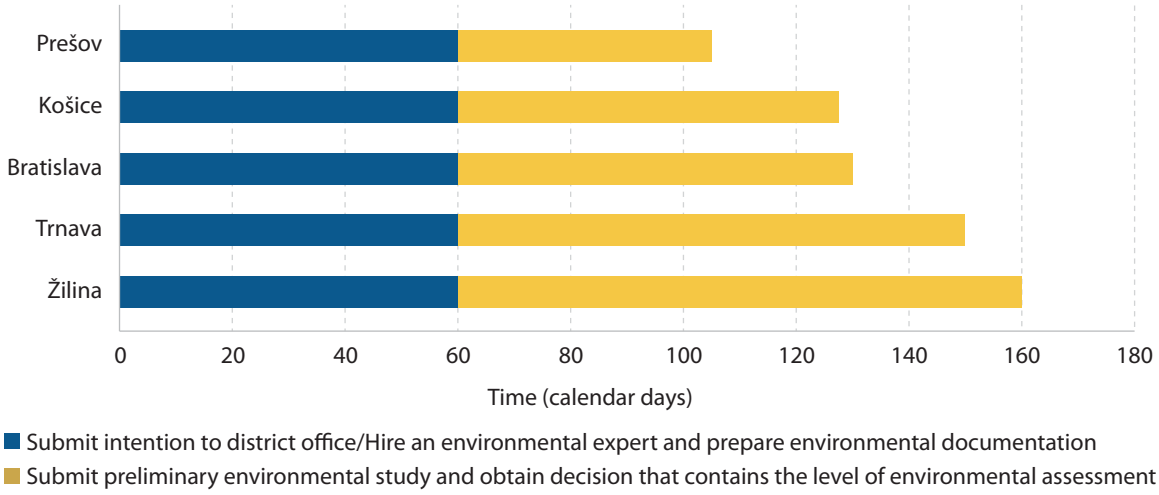
Environmental permitting regulations and the availability of digital public services and transparency of information are consistent across the five benchmarked cities in the Slovak Republic. National environmental regulations are regularly updated to incorporate recent environmental and technological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

Environmental clearances for construction are governed by Act No. 24/2006 Coll. on Environmental Impact Assessment, which stipulates that qualified professionals should be used to conduct environmental impact assessments, along with specific criteria to trigger assessments. However, the legal framework does not define the activities and approaches that facilitate the contribution of interested parties to the decision-making process (such as surveys and polls to capture inputs and feedback from concerned stakeholders, training, resources, and technical assistance to project-affected parties). While the regulatory framework allows for disputing environmental clearances and permits with the permit-issuing authority, no out-of-court mechanisms provide for the resolution of disputes between the public body and applicant in relation to the environmental permitting process.

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

12 The Slovak Republic's 2021 GNI per capita is EUR 17,451.
13 See section 3.2, "Building Location in Detail—Environmental Permitting," of the full report, for more information on the topic, the country-specific context, and a detailed assessment of the data.

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



Source: Subnational Business Ready

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

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

Property Transfer[14]

The regulatory framework for property transfer in the country features many good practices in terms of property-transfer standards, such as free access to information on property rights and cadastral maps, and the existence of a cadastral agency. Verification of the legality of property-transaction documents is mandated by law, while electronic and paper documents have equal legal standing. Similarly, registration at the Land Registry[15] is required to make the title opposable to third parties. However, only the identity of the buyer needs to be verified for a property transaction, not the identity of both parties, as international good practices suggest. Domestic firms in the Slovak Republic face no restrictions on leasing or owning property, while foreign firms face restrictions only on agricultural land ownership. The law also provides for alternative dispute resolution (ADR) mechanisms between private parties regarding registered property rights through mediation and conciliation. However, arbitration does not exist, while the land system also lacks legal provisions for the security of rights, as the out-of-court compensation mechanism for land registry errors currently does not exist.

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

14 See section 3.3, "Building Location in Detail—Property Transfer," of the full report, for more information on the topic, the country-specific context, and a detailed assessment of the data.
15 The Land Registry is an official public inventory that documents and maintains information on land ownership through recording titles (rights on land) or deeds (documents concerning changes in the legal situation of land).

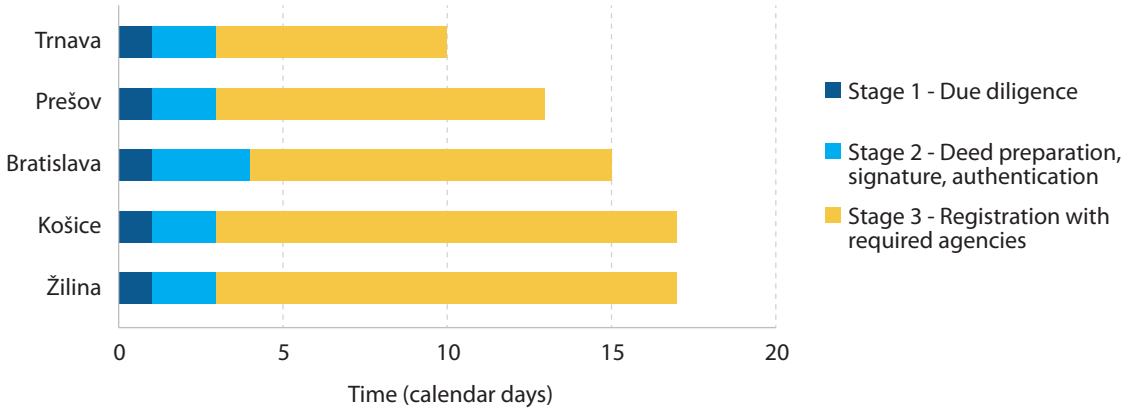
fulfills both land registry and cadastral functions, it uses a single ID number for properties and a single database for legal and geospatial information, but it has yet to become interoperable with other agencies. The list of requirements for property transfers, service standards, and fee schedules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

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

The time it takes for Slovak cities to transfer a property spans between 10 days in Trnava and 17 days in Košice and Žilina (figure 13). The time difference is driven mainly by the registration of the deed at the Land Registry. While all Land Registries respect the legal deadline of 15 days, in Trnava it takes the Land Registry only one week to rule on a registration request, but in Košice and Žilina it takes twice as long. The cost to register a property transfer is the same throughout the entire country and amounts to EUR 883, or 0.05 percent of the property value.[16] This cost is composed of the registration fee and legal fees. The registration fee varies depending on the option preferred by the requestor: EUR 266 for the fast-track option (15 days) and EUR 66 for the standard time option (30 days). Each of these fees can be submitted electronically. The fees for the electronic options (EUR 133 and EUR 33, respectively) are half the price of the paper-based options to incentivize the uptake of digital services. In addition, entrepreneurs choosing to resort to professional experts would pay about EUR 750 in legal fees, which includes the notary fee for signature verification (EUR 2.87).

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

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



Source: Subnational Business Ready

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

Table 3. Business Location Scores

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

Table 3. Business Location Scores

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

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

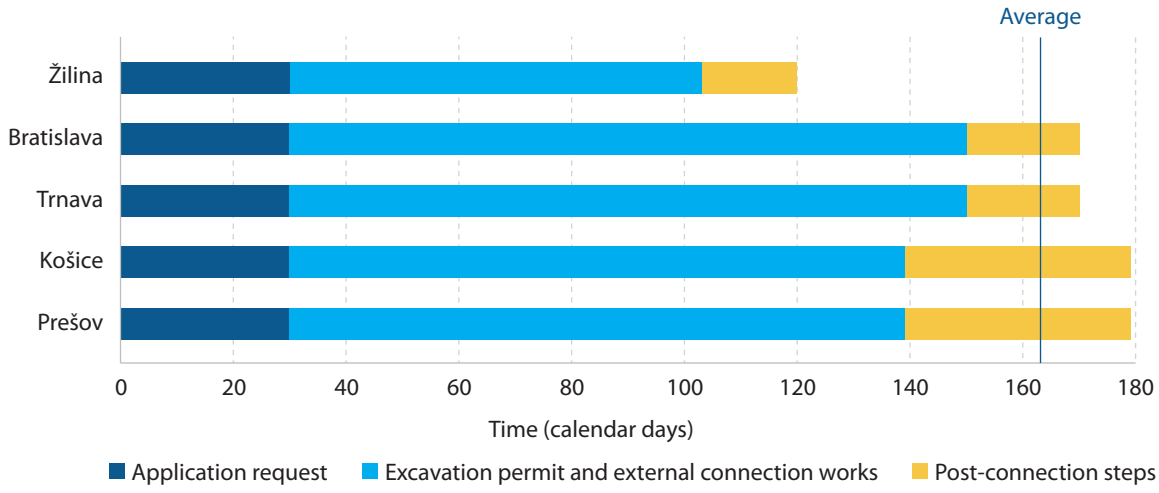
Utility Services

Electricity[17]

The electricity regulatory framework[18] in the Slovak Republic is uniform across all regions and on par with internationally recognized good practices. The Regulatory Office for Network Industries (ÚRSO) oversees the monitoring and approval of electricity tariffs, as well as the quality of electricity services based on performance standards. The regulation established incentives to limit the interruption of electricity service, as well as the required qualifications for professionals who install conducting electricity. Inspections and liability regimes are also regulated, and environmental regulations for the sustainable provision and use of electricity have been established. However, the Slovak Republic lacks joint planning and construction mechanisms among utility providers, such as the provision of common excavation permits and "dig once" policies.

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

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



Source: Subnational Business Ready

17 See section 4.1, "Utility Services in Detail—Electricity," of the full report, for more information on the topic, the country-specific context, and a detailed assessment of the data.
18 Law No. 250/2012 on Regulation in Network Industries.

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

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

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

Water[19]

The regulatory framework for water utility services[20] in the Slovak Republic ensures the efficient deployment of water connections and the quality of the supply. Regulations cover infrastructure sharing, sustainable wastewater practices, and environmental sustainability. Requirements for the professional qualification for those operating water installations, inspection regimes, and liability standards are established by law. The regulatory framework also includes sustainable wastewater practices, rules on wastewater reuse, tariff monitoring, and the quality of the water service, supporting a stable and sustainable water-supply system across the country. Additionally, it establishes financial deterrence mechanisms to limit supply interruptions. However, joint planning and construction policies, such as "dig once" initiatives, and deterrence mechanisms to ensure compliance with water-saving practices are not in place.

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

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

Source: World Bank Enterprise Surveys 2023

19 See section 4.2, "Utility Services in Detail—Water," of the full report, for more information on the topic, the country-specific context, and a detailed assessment of the data.
20 Water Act No. 364/2004, https://faolex.fao.org/docs/pdf/slo182215.pdf

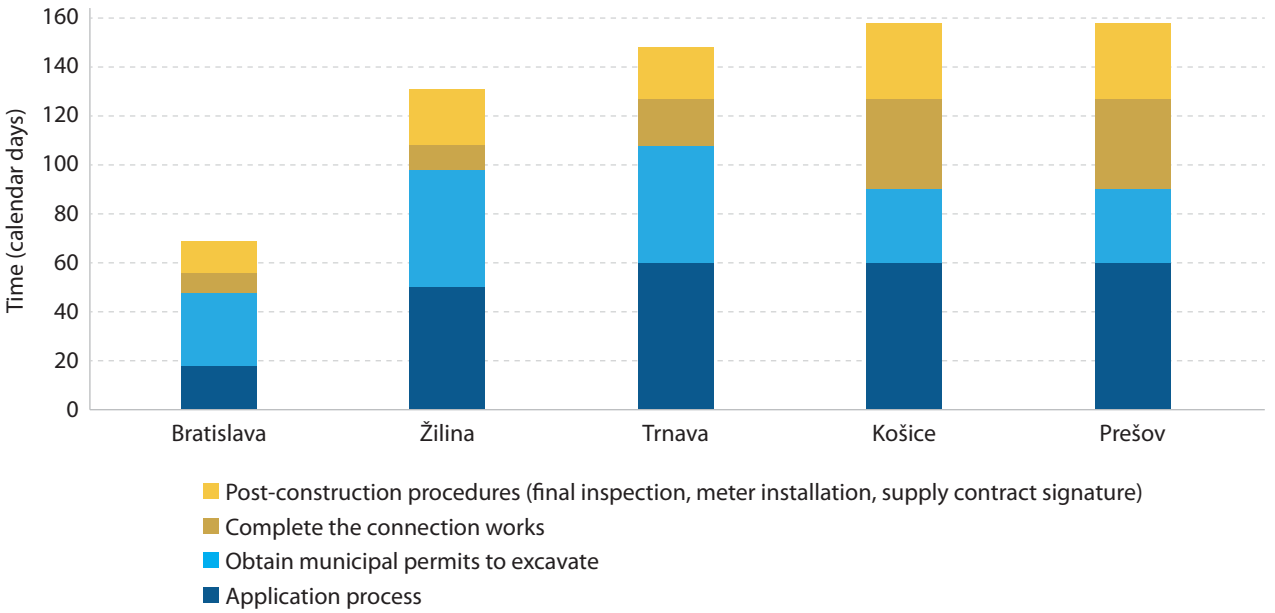
cations for new connections and platforms with information about planned work on utility networks. All cities provide electronic payment options for connection fees, but none permits the status of applications to be tracked online.

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

The efficiency with which water connections can be obtained in the Slovak Republic varies significantly across cities. In Bratislava, the process is fastest, taking approximately 69 days, while in Košice and Prešov, it takes about 158 days (figure 15). In Bratislava, customers wait less than 20 days for a reply on their application and eight days for the connection work. In contrast, processing applications takes 50 days in Žilina and two months in Košice, Prešov, and Trnava, while the connection work takes up to 37 days, as in Košice and Prešov. This variation is due to the availability of utility teams to perform the work, rather than the duration of the actual connection. The time to obtain an excavation permit from the municipality also varies: it takes about a month in Bratislava, Košice, and Prešov and 48 days in Trnava and Žilina. The final steps, from completing the work to water flowing, take approximately two weeks in Bratislava, three weeks in Trnava and Žilina, and a month in Košice and Prešov, influenced by the efficiency of the utility and the availability of technicians. The cost of obtaining a water connection as considered by this study is EUR 7,690, equal to 44.1 percent of income per capita. [21]

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

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



Source: Subnational Business Ready

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

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

Source: World Bank Enterprise Surveys 2023

Internet[22]

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

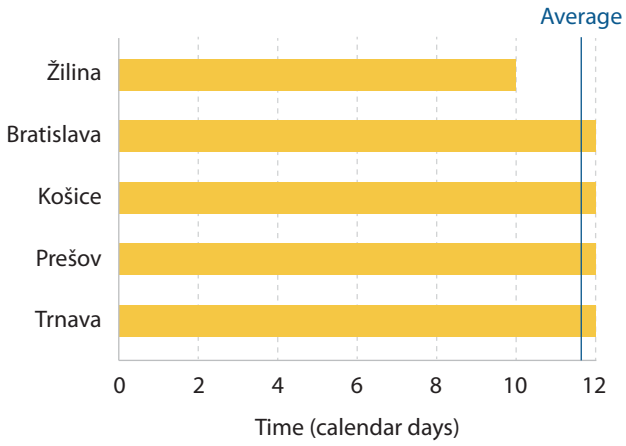
Liability and compensation rights for personal data protection breaches are mandated, with clear reporting provisions for data incidents. The regulator is responsible for national cybersecurity coordination, conducting risk assessments, audits, and training to enforce cybersecurity laws. However, it does not set performance standards to ensure service quality and the reliability of the internet. National targets for emissions or the energy efficiency of electronic communication networks and data infrastructure, such as power usage effectiveness, renewable energy usage, or coefficient of performance (COP), are also missing.

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

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

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

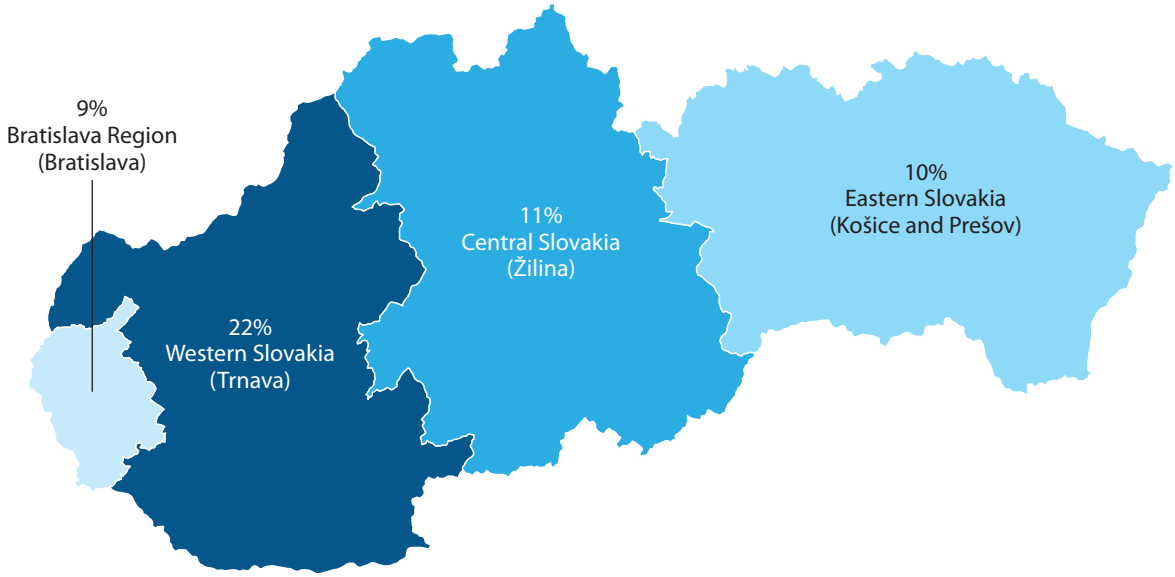
Figure 16. Time to Get an Internet Connection, by City



Source: World Bank Enterprise Surveys 2023

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

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



Source: World Bank Enterprise Surveys 2023

Table 4. Utility Services Scores

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

Table 4. Utility Services Scores

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

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

Dispute Resolution[23]

In the Slovak Republic, the regulatory framework[24] and public services for dispute resolution are uniform nationwide. A judicial reform in 2023 established specialized commercial divisions in first-instance courts in Košice, Prešov, Trnava, and Žilina, as well as a separate commercial court in Bratislava. Variations across cities are seen mainly in the time required to resolve commercial disputes. In larger cities, such as Bratislava, where case volumes are higher, it takes almost 40 months to complete first-instance and appellate proceedings. By contrast, smaller cities, such as Prešov, complete these proceedings in 23 months. This difference is due to delays in scheduling the first hearing after the initial complaint is made and additional delays if hearings are postponed. Costs, on the other hand, are largely uniform across cities, with small variations attributed mainly to discrepancies in attorneys' fees.

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

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

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

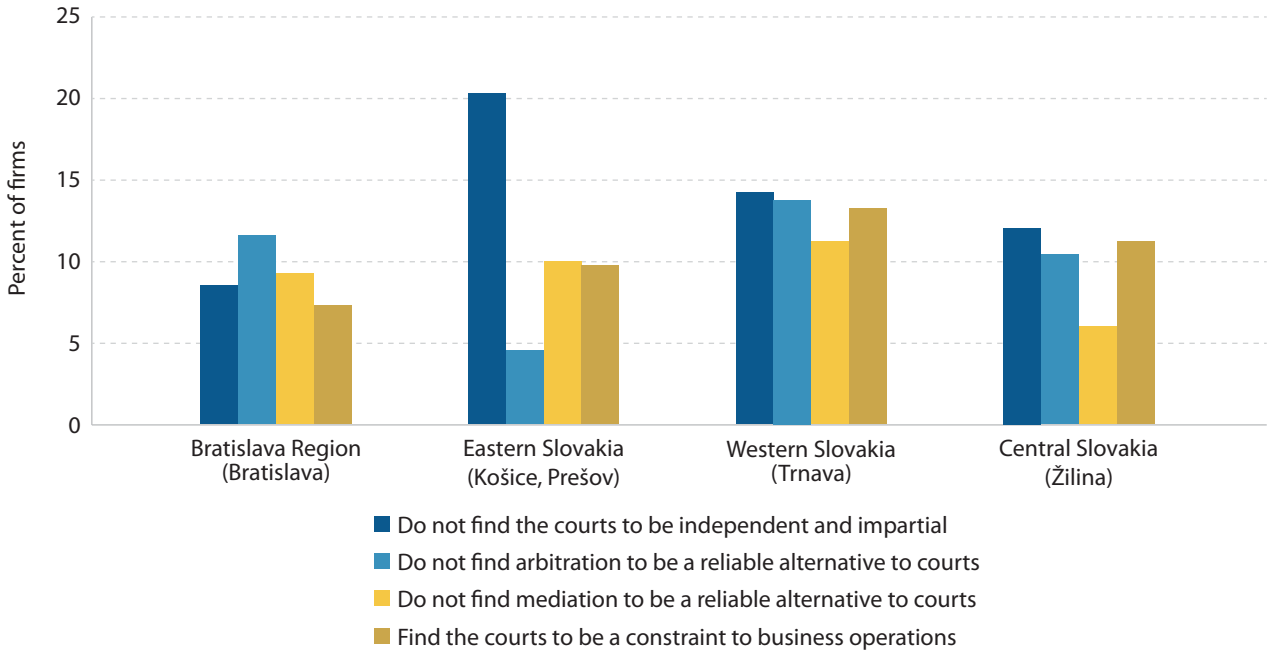
23 See section 5, "Dispute Resolution in Detail," of the full report, for more information on the topic, the country-specific context, and a detailed assessment of the data.
24 The main legal instruments regulating dispute resolution in the Slovak Republic are Act No. 16/2015 Coll. Civil Dispute Code, Act No. 233/1995 Coll. on Enforcement Agents, and Act No. 244/2002 Coll. on Arbitration.

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

The most prevalent discrepancy between cities in the Slovak Republic is the duration of commercial litigation, with Bratislava standing out for its extended timeframes in resolving cases (figure 18). For instance, it takes nearly 40 months to complete a commercial litigation case in Bratislava, whereas the court in Prešov takes only 23 months. The variation is even more pronounced in specific procedural steps. Bratislava requires 20 months to complete cases at first instance, while Košice, Prešov, and Žilina take only 12 months each. Bratislava further requires almost nine months from the service of initial complaint to first hearing, compared to just four months in Košice and Žilina. Furthermore, the interval between hearings is 160 days in Bratislava but only 60 in Žilina. This is attributed to Bratislava's handling, as the most economically developed city, the highest volume of commercial cases. In 2022, Bratislava received 3,753 new commercial cases, a significantly higher figure than Žilina, which had only 644 new commercial cases. Consequently, Bratislava also has the highest number of unresolved cases per judge, with 449, compared to Košice's 138, and it has the lowest clearance rate, 68 percent, whereas Žilina's and Košice's clearance rates are 143 percent and 121 percent, respectively.

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

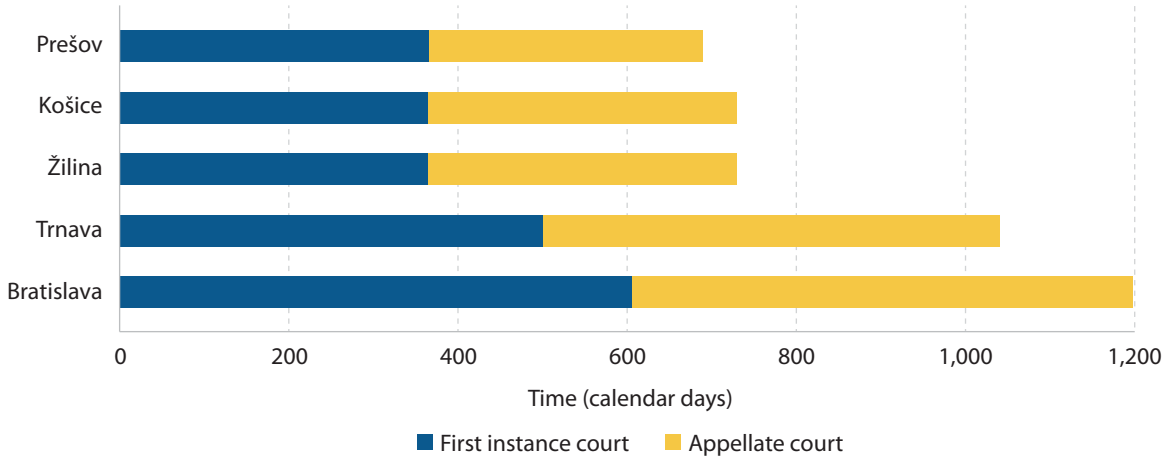
Figure 17. Perception of Courts and ADR Mechanisms, by Region and Type



Source: World Bank Enterprise Surveys 2023

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

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



Source: Subnational Business Ready

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

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

Table 5. Dispute Resolution Scores

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

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

Business Insolvency[26]

In the Slovak Republic, the uniform regulatory[27] and public services framework for business insolvency incorporates international good practices, including out-of-court restructuring and automatic stay of proceedings, which enhance the system's efficiency and fairness. Additionally, judges specialized in insolvency are found within the commercial courts measured, which further enhances the efficiency of the insolvency process, while digitalized services provide for more transparent proceedings. Variations occur, however, in the duration and costs of liquidation and reorganization proceedings. Prešov excels in handling insolvency cases efficiently, reportedly attributed to a reduced backlog given a limited number of cases, supported by sufficient judicial and administrative resources, while courts in Bratislava and Žilina, with more backlog, experience longer durations and higher costs. Additionally, the lack of complete digitalization impedes insolvency processes, while gaps in the regulatory framework affect reorganization efforts and create compliance challenges to timely bankruptcy filings, further hindering the resolution of insolvent companies.

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

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

26 See section 6, "Business Insolvency in Detail," of the full report, for more information on the topic, the country-specific context, and a detailed assessment of the data.
27 The major pieces of legislation on insolvency (Act No. 7/2005 Coll. on bankruptcy and reorganization, as amended, Act No. 8/2005 Coll. on insolvency administrators, as amended, Act No. 111/2022 Coll. on solving impeding bankruptcy, as amended, and Decree No. 655/2005 Coll. of the Ministry of Justice of the Slovak Republic implementing certain provision of Act No. 7/2005 Coll. on bankruptcy and reorganization, as amended) regulated nationwide liquidation and reorganization proceedings and incorporated in the Slovak system major changes driven by EU directives on insolvency and preventive instruments.

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

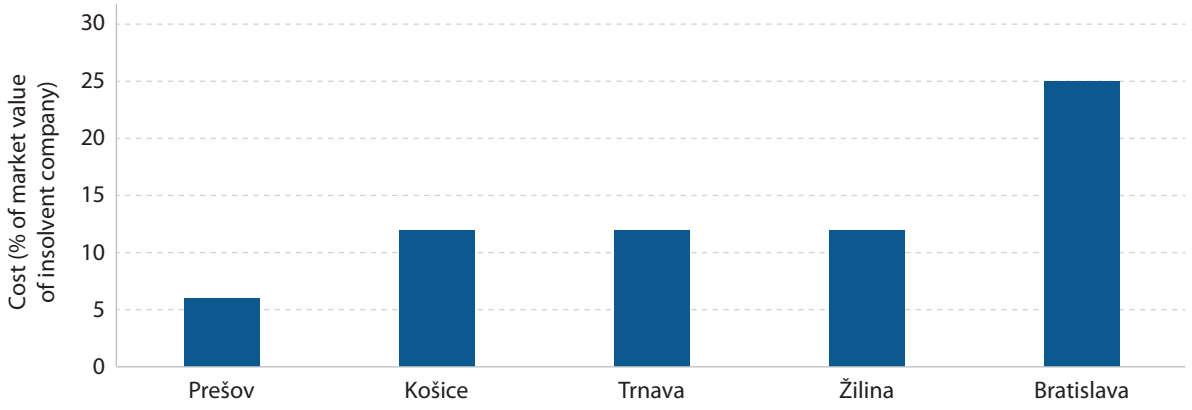
By contrast, Prešov completes liquidations in 24 months, benefiting from a relatively low number of cases, compared to most Slovak courts, and sufficient judicial and administrative resources (311 cases pending on December 31, 2022, compared to 1,031 cases in Bratislava and 360 cases in Žilina).[28]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

As for reorganization, Prešov completes the process in 11 months, again owing to efficient local courts. On the other hand, Bratislava, Košice, and Žilina require 20 months, exhibiting the standard duration in the country and highlighting the impact of digitalization challenges, insufficient judicial staffing, and high judge turnover, which is particularly pronounced in Bratislava. The low numbers of reorganization requests across the country are remarkable. Statistics indicate that in 2022 only seven were filed in Bratislava; six each were filed in Košice, Prešov, and Žilina, and four were filed in Trnava.[29] This is attributed to the high creditor satisfaction requirement in reorganization proceedings, where unsecured creditors must receive at least 50 percent of their claims, leading to fewer reorganization attempts.

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

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

Figure 19. Costs of Liquidation Proceedings, by City



Source: Subnational Business Ready

28 Slovak Republic, Ministry of Justice (2022). Other relevant statistics are available at https://ru.justice.sk/ru-verejnost-web/pages/statistiky/konaniaNaJednotlivychSudoch.xhtml
29 Slovak Republic, Ministry of Justice (2022), note 18.
30 For an insolvent's company market value of EUR 2,617,650, equal to 150 times the 2021 GNI per capita. The Slovak Republic's 2021 GNI per capita is EUR 17,451.

on the Business Insolvency topic. The column with the rescaled points indicates the total maximum points a city can get on each of the measured areas. For example, none of the cities receives the total possible maximum score of 15 points on Pillar I (Quality of Regulations for Judicial Insolvency Proceedings), category 1.1 (Legal and Procedural Standards in Insolvency Proceedings), subcategory 1.1.1 (Precommencement and Commencement Standards in Liquidation and Reorganization). Conversely, all cities receive the maximum points, 20 and 10, respectively, under category 1.2 (Debtor's Assets and Creditor's Participation in Insolvency Proceedings), subcategories 1.2.2 (Creditor's Rights in Liquidation and Reorganization (Includes Environment)), and 1.2.3 (Selection and Dismissal of the Insolvency Administrator). Most cross-city variability is observed under Pillar III.

Table 6. Business Insolvency Scores

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

Table 6. Business Insolvency Scores

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

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

With funding by the European Commission