

Subnational Business Ready in the European Union 2025: **SPAIN**



Executive Summary

Subnational Business-Ready in the European Union 2025: A Comprehensive Assessment of Regional Business Climate

The Subnational B-READY in the European Union series is a project led by the World Bank's Regulatory Efficiency Unit 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 European Union. This year, the Subnational B-READY series covers 66 cities across six EU Member States (Czechia, Greece, Ireland, Italy, Poland, and Spain), spanning 64 NUTS2 regions.

This current effort builds on the following two key foundations:

- Between 2017 and 2022, the World Bank conducted a series of *Subnational Doing Business* studies, which assessed 115 locations across 16 Member States, including Bulgaria, Hungary, and Romania (2017); Croatia, Czechia, Portugal, and the Slovak Republic (2018); Greece, Ireland, and Italy (2020); Austria, Belgium, and the Netherlands (2021); and Denmark, Finland, and Sweden (2022).

- In 2024, Phase I of Subnational B-READY in the European Union covered 40 cities in six Member States (Bulgaria, Croatia, Hungary, Portugal, Romania, and the Slovak Republic) across 36 NUTS2 regions (figure 1).

Looking ahead, a third phase is planned for 2026, which will extend coverage to additional Member States, including France and Germany.

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 Property Transfer, Building Permitting,

Figure 1. Cities and topics covered in Subnational B-READY in the European Union series



Source: Regulatory Efficiency Unit, the World Bank.

and Environmental Permitting), 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 seventeen Spanish cities: Albacete, Badajoz, Barcelona, Bilbao, Gijón, Logroño, Madrid, Murcia, Las Palmas, Palma de Mallorca, Pamplona, Santander, Sevilla, Valencia, Valladolid, Vigo, and Zaragoza.

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 gov-

ernments, 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 European Union.

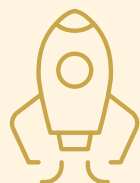
Key Findings

- ▶ **Over the past decade, Spain has advanced a pro-business reform agenda focused on digitalization, transparency, and efficiency. Key measures include end-to-end online company incorporation, streamlined permitting, strengthened energy and water standards, improved connectivity, court digitalization, and preventive restructuring frameworks. These efforts are oriented toward a more efficient and digitally enabled business environment across Spanish cities.**
- ▶ **Bilbao, Pamplona, Sevilla, and Vigo demonstrate relatively strong performance across most benchmarked areas. Larger cities (such as Barcelona and Madrid), medium-sized cities (such as Valladolid and Pamplona), and smaller cities (such as Logroño) also perform well in several areas. These results indicate that, regardless of city size, the effectiveness of local business regulatory processes and institutional capacity play an important role in shaping regulatory outcomes.**
- ▶ **Utility Services is the strongest-performing topic across Spain, with all cities scoring above 80 out of 100 points. Strong regulatory frameworks, advanced digital services, and efficient connection processes drive this performance. Barcelona leads in Pillars I and II, combining a robust regulatory framework with digitalized and transparent service delivery.**
- ▶ **Cities perform relatively well on Business Insolvency and Business Entry, supported by effective procedures and consistent public service standards. Valladolid leads in Business Insolvency due to efficient reorganization and liquidation processes, streamlined administrative steps, and simple debt structuring in its micro and small enterprise (MSE)-dominated economy. Badajoz and Barcelona perform strongly in Business Entry.**
- ▶ **Business Location is the lowest-scoring topic, limited by gaps in digital integration among the various agencies involved in property transfers, building permits, and environmental approvals. Valladolid ranks comparatively high due to fast construction permit issuance, while Madrid performs well through efficient permitting and relatively lower property transfer costs. Gijón also scores high due to shorter processing times for obtaining a building permit.**

- ▶ Spanish cities generally score higher on the Regulatory Framework (Pillar I) than on Public Services (Pillar II) or Operational Efficiency (Pillar III). Average Pillar I scores are particularly strong for Utility Services (93.9), Business Location (82.1), and Business Insolvency (80.9).
- ▶ Public Services (Pillar II) show notable variation across cities, especially in Utility Services. Barcelona, Pamplona, and Valencia lead by offering advanced digital platforms and interoperability for water infrastructure and excavation permits, while other cities provide more limited digital services.
- ▶ Operational Efficiency (Pillar III) drives most of the variability across Spanish cities. Business Location and Dispute Resolution show the largest gaps, with Business Location scores ranging from 26.6 in Palma de Mallorca to 51.6 in Valladolid, and Dispute Resolution scores ranging from 48.8 in Murcia to 85.5 in Pamplona. In Dispute Resolution, the results highlight that strong digitalization and transparency features do not always translate into faster or more cost-effective outcomes, underscoring the importance of efficient operational processes alongside online systems.
- ▶ Dispute Resolution exhibits the widest variation overall, reflecting differences in court reliability and process efficiency. Pamplona leads due to effective litigation processes and alternative dispute resolution mechanisms, while Murcia records the lowest performance.
- ▶ Barcelona shows the widest variation in performance across topics, with a 31-point gap between its highest and lowest scores (Utility Services and Business Location, respectively). By contrast, Gijón, Madrid, Las Palmas, and Valladolid display more balanced results, with spreads of around 22 points, indicating comparatively consistent performance across the five benchmarked areas.
- ▶ City performance varies across the five business regulatory areas. Badajoz and Barcelona lead in Business Entry, Valladolid in Business Location and Business Insolvency, Barcelona in Utility Services, and Pamplona in Dispute Resolution. Other cities that are among the best-performing in specific areas—for example, Bilbao and Logroño in Dispute Resolution, and Gijón and Madrid in Business Location—offer clear opportunities for peer-to-peer learning, where best practices can inform improvements in other cities.

Areas of Improvement

Business Entry



Several areas remain for improving the streamlining of business entry in Spain. The requirement for paid-in minimum capital continues to form part of the company registration process for both domestic and foreign entrepreneurs, and registration forms remain complex, often necessitating the use of third-party intermediaries. Verification of entrepreneurs' and beneficial owners' identities, as well as updates to statutory company information, still requires notarization, limiting full digital automation. In addition, not all fees associated with business entry can be paid electronically, and multiple registration channels create variations in requirements, fees, and timelines that may be challeng-

ing for entrepreneurs to navigate. Introducing simplified registration forms, consolidating procedures into a single digital platform, and enabling automatic identity verification and updates to company information would reduce administrative burdens and enhance Spain's overall business entry environment.

Business Location



Property Transfer. Most due diligence checks—such as encumbrances, party identities, and cadastral plans—can be completed online, but searches must be conducted across multiple platforms, tax status information is not fully digitized, and not all private properties are registered. Registry filings

are limited to the local office, which can cause delays when some registries face excessive workloads. Real-time interoperability between the Land Registry, Cadaster, municipalities, and tax authorities has not yet been achieved, limiting comprehensive searches and fully integrated property records. Further digitalization and seamless communication between key systems would improve efficiency and reliability. The Cadaster does not publish estimated processing times, land dispute statistics are not published, sex-disaggregated ownership data are unavailable, and information on the cadastral value of privately held properties – used to calculate property taxes – is not publicly accessible and requires either the consent of the property holder or demonstration of a legitimate interest. Systematically collecting and disclosing this information would enhance accountability, promote equity, and improve market efficiency.

Building Permitting. Processing times for building permits are generally lengthy but vary substantially across cities, with some municipalities processing applications much faster than others. Delays often stem from complex legal requirements, incomplete or inaccurate applications, and limited staff capacity. A key shortcoming is the lack of integration between online permitting platforms and external agencies, requiring local authorities to coordinate separately with multiple bodies and adding administrative complexity and delays. Fast-track procedures for low-risk projects and the use of collaborating entities—currently implemented in cities such as Barcelona, Madrid, Valencia, and Vigo—could help alleviate administrative bottlenecks, while standardized review systems could improve efficiency. Permit costs also differ significantly across municipalities and are sometimes disproportionately high. Digital platforms often lack sufficient capacity and, in some cases, provide limited functionality, forcing applicants to submit documentation through multiple channels. To address these issues, municipalities should review and simplify the cost structure, enhance and expand digital platforms for building permits, and strengthen coordination with external agencies. Additional measures—such as automated, project-specific guidance tools (already available in 8 out of 17 cities, including Badajoz, Barcelona, Gijón, Madrid, Las Palmas, Valencia, Valladolid, and Vigo), integration of AI or BIM technology (illustrated by Madrid’s BIM-based permitting platform, Madrid-DBP, with a pilot scheduled for 2027), and targeted training for applicants—would reduce delays, strengthen transparency, and improve overall permitting efficiency.

Environmental Permitting. Spain could improve environmental permitting by strengthening coordination among agencies and better integrating procedures into online

platforms. Linking Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (EAE) procedures with building permits—including through shared platforms between municipalities and regional governments (*Comunidades Autónomas*)—would reduce redundancies, minimize inconsistencies, and ensure that environmental considerations are fully embedded in planning and construction. Digital permitting systems should also be enhanced to enable the uploading of large files and the downloading of geographical information systems (GIS)-compatible cartographic information, improving the preparation and review of EIAs. Introducing a fast-track option for lower-complexity EIAs could improve workload management and reduce bottlenecks created by the first-come, first-served approach. Finally, the introduction of automatic project-specific guidance tools—particularly needed in Badajoz, Logroño, Palma de Mallorca, Pamplona, Santander, and Sevilla, where platform functionality related to project requirements is less advanced—along with improvements to platform usability, search functions, and the centralization of dispersed EIA information across national, regional, and local portals, would make data more accessible to developers and citizens, strengthening both efficiency and transparency.

Utility Services



Electricity. Efficiency and predictability in electricity connections can be improved through several measures. Currently, only Barcelona, Pamplona, and Valencia use online platforms to coordinate excavation permits, while other cities rely on municipal departments or lack formal mechanisms. Expanding the use of online platforms to all cities and integrating planned works with existing infrastructure data could improve coordination and service delivery. Distribution companies should also publish indicative connection timeframes and estimated connection costs online, ideally complemented by user-friendly tools such as cost calculators, to enhance predictability and transparency for businesses and investors. Limited access to up-to-date information on service quality further constrains entrepreneurs’ ability to make informed location and investment decisions. Connection times vary widely across cities, even under the same distributor, due to regional and local procedures such as authorizations and excavation permits. Notable good practices include Murcia’s 21-day legal limit for issuing approvals for high-voltage electricity installations and Valencia’s simplified excavation permit system. These examples provide opportunities for peer-to-peer learning on reforms that can effectively

reduce processing times. Streamlining these processes through reviews, digitalization, automated applications, and improved scheduling would accelerate and standardize timelines, enabling firms to start operations sooner.

Water. Spain could establish a dedicated national water regulatory agency to harmonize practices, oversee tariffs, and ensure efficiency and service quality nationwide. Positive examples already exist in cities such as Barcelona and Sevilla, where mechanisms are in place to impose remedies or financial penalties on utilities in cases of water insufficiency. These tools could be scaled up at the national level. The regulatory framework could be further strengthened by introducing comprehensive regulations requiring coordination of all civil works across utilities, including water. To improve efficiency and reduce disruptions, cities could follow the example of Barcelona, Pamplona, and Valencia, which make planned works publicly available and use online platforms to coordinate excavation permits. Digitalization of water connection procedures should also be expanded nationwide by introducing end-to-end online application tracking and publishing estimated connection timeframes, building on successful practices in Badajoz, Barcelona, Madrid, Santander, Sevilla, and Vigo.

Internet. Cities should develop integrated digital platforms for excavation permits and planned works, following Barcelona's ACEFAT model (Automated System for Excavation and Work Permit Management), to streamline processes, improve communication, and give businesses greater foresight. These platforms could feed into the national information point portal (PIU), consolidating infrastructure data and timelines and reducing high-speed network deployment costs. Spain should also encourage Internet Service Providers (ISPs) to publish real-time information on both scheduled and unexpected service disruptions, building on Portugal's experience, to improve transparency, accountability, and network reliability.

Dispute Resolution



Spain could improve case management practices by ensuring that existing time limits, especially for scheduling pre-trial and trial hearings, are reasonable and actively enforced, to reduce discretionary delays. Although adjournments are allowed only for unforeseen, exceptional reasons, there is currently no cap on how many may be granted in commercial cases, which can slow dispute resolution. Clear limits and active enforcement would discourage postpone-

ments as a delay tactic and enhance overall efficiency. Best practices from Greece and Norway—such as restricting adjournments and enforcing strict deadlines—offer useful models for timely case disposition. Spain could also enhance transparency and bolster business confidence by publishing all first-instance court judgments. Unlike Estonia, which provides searchable access to all decisions through its State Gazette, Spain currently publishes only Supreme Court and appellate decisions, along with some first-instance judgments. Making all commercial judgments accessible through a well-organized, searchable electronic database would promote consistent legal interpretation, support judicial expertise in commercial law, and ensure reliable records for research. Specialized commercial courts can further improve efficiency through judicial expertise and streamlined procedures. In Spain, general commercial disputes between businesses are handled by first-instance civil courts. Expanding the jurisdiction of commercial courts or divisions to cover all general commercial cases—similar to the model used in Vienna—could strengthen specialization and accelerate resolution of complex commercial disputes.

Business Insolvency



Spain could strengthen insolvency proceedings by improving transparency and oversight in the appointment of insolvency administrators, including through a national registry of qualifications and professional records, rotational automatic allocation for smaller cases, and regular performance reviews. Efficiency in commercial courts could be reinforced by establishing specialized insolvency benches, aligning staffing with caseloads, and adopting digital intake, automated triage, and court-level performance indicators to guide resource planning. Pilots like Catalonia's Julia Project, which explores AI-driven judicial automation, illustrate how technology can help manage high-volume cases while preserving due process. Spain also offers a strong existing practice through its performance-based fee structure for insolvency administrators, which encourages timely case resolution. At the city level, Palma de Mallorca's streamlined liquidation procedures and Valladolid's rapid reorganizations demonstrate how operational efficiency can be achieved in practice. Finally, early business rescue could be supported by raising awareness of pre-insolvency restructuring tools, formalizing and promoting the role of restructuring experts, offering incentives for early filings, and coordinating with public creditors to facilitate timely, consensual reorganizations that help preserve business continuity.

Table 1. Summary of potential opportunities for regulatory improvement in Spain

| Topic | Areas for Improvement | Relevant Stakeholders |
|--------------------------|---|--|
| Business Entry | Move toward a single window for business registration | <ul style="list-style-type: none"> Ministry of Justice Ministry for Digital Transformation and the Civil Service (MTDFP) |
| | Remove third party intermediaries from simple company registration | <ul style="list-style-type: none"> Ministry of Justice College of Registrars (CORPME) |
| | Simplify the current fee schedules for company incorporation and publish them online in a clear and accessible format | |
| | Introduce automated name approval prior to company registration | |
| | Simplify issuance of NIF (Tax ID) for obligatory taxes | <ul style="list-style-type: none"> Tax Agency |
| Business Location | Property Transfer | |
| | Strengthen the integration and standardization of registries within a national system | <ul style="list-style-type: none"> Ministry of Justice |
| | Enable registrations to be completed by any Land Registry in the country | |
| | Expand digitalization and ensure interoperability across core property registration and cadastral systems | <ul style="list-style-type: none"> Ministry of Justice Ministry of Finance (General Directorate of the Cadaster, State Agency for Fiscal Management) College of Registrars (CORPME) Municipalities |
| | Ensure that all private properties are registered | <ul style="list-style-type: none"> Ministry of Justice College of Registrars (CORPME) |
| | Enhance transparency in the land administration system | <ul style="list-style-type: none"> Ministry of Justice College of Registrars (CORPME) Land Registries Courts |
| | Building Permitting | |
| | Introduce independent third-party appeals for building permit decisions | <ul style="list-style-type: none"> Ministry of Housing and Urban Agenda (MIVAU) Regional Governments (<i>Comunidades Autónomas</i>) Municipalities |
| | Simplify and harmonize the regulatory framework | |
| | Enhance and expand digital platforms for building permits | |
| | Strengthen capacity building and accountability in permit applications | |
| | Enhance Permit Review Systems | |
| | Review and simplify the cost structure for building permits | |
| | Simplify and accelerate building permit approvals | |
| | Expand the use of declarations of responsibility and prior notifications for first occupancy and commencement of activity, provided that the regulations are clear and the verification mechanisms are adequate | |
| | Environmental Permitting | |
| | Improve agency coordination in environmental permitting, including through online platforms | <ul style="list-style-type: none"> Ministry for the Ecological Transition and the Demographic Challenge (MITECO) Regional Governments (<i>Comunidades Autónomas</i>) Municipalities |
| | Enhance the functionality of digital processes | |
| | Introduce fast-track processing | |
| | Improve accessibility and clarity of Environmental Impact Assessments (EIA studies and decisions) | |

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| Topic | Areas for Improvement | Relevant Stakeholders |
|---|--|---|
| Utility Services | Electricity | |
| | Strengthen infrastructure planning through digital coordination platforms | <ul style="list-style-type: none"> • Municipalities • Distribution companies |
| | Empower entrepreneurs through transparent and user-friendly information | <ul style="list-style-type: none"> • Ministry for the Ecological Transition and the Demographic Challenge (MITECO) • Distribution companies |
| | Improve the reliability and resilience of electricity supply | |
| | Optimize processes to reduce connection times | <ul style="list-style-type: none"> • Regional Governments (<i>Comunidades Autónomas</i>) • Municipalities • Distribution companies |
| | Water | |
| | Establish a national water agency to enhance standardization, oversight, and benchmarking | <ul style="list-style-type: none"> • Ministry for the Ecological Transition and the Demographic Challenge (MITECO) • Regional Governments (<i>Comunidades Autónomas</i>) • Municipalities • Water utilities |
| | Enhance excavation coordination through “dig-once” policies, digital platforms, and designated coordination agencies | <ul style="list-style-type: none"> • Municipalities • All network utilities (water, electricity, gas, internet) |
| | Expand digitalization of water connection procedures by introducing online application tracking and disclosing estimated connection timeframes | <ul style="list-style-type: none"> • Water utilities |
| | Internet | |
| Develop digital integrated platforms for excavation permits | <ul style="list-style-type: none"> • Secretary of State for Telecommunications and Digital Infrastructure • Municipalities (platform development and data integration) | |
| Encourage ISPs to publish real-time disruption data | <ul style="list-style-type: none"> • National Commission on Markets and Competition (CNMC) • Internet Service Providers (ISPs) | |
| Dispute Resolution | Strengthen case management practices and regulate adjournments to improve efficiency | <ul style="list-style-type: none"> • Ministry of Justice • General Council of the Judiciary |
| | Make first-instance court judgments publicly available | |
| | Expand the jurisdiction of commercial divisions within existing district courts to include all general commercial cases | |
| Business Insolvency | Enhance transparency and accountability in the selection and appointment of insolvency administrators | <ul style="list-style-type: none"> • Ministry of Justice • Bar associations • General Council of the Judiciary • Commercial courts • Insolvency practitioners’ associations |
| | Strengthen judicial efficiency through specialization, resource allocation, and workload redistribution in commercial courts | <ul style="list-style-type: none"> • Ministry of Justice • General Council of the Judiciary • Regional justice administrations • Commercial courts • Chambers of commerce |
| | Promote early intervention, education, and greater use of pre-insolvency restructuring tools to support business rescue and job preservation | <ul style="list-style-type: none"> • Ministry of Justice • Ministry of Finance/Tax Agency • Official Credit Institute (ICO) • Chambers of commerce • Regional economic development agencies • Commercial courts • Bar associations |

Source: Regulatory Efficiency Unit, the World Bank.