

A VERY PUBLIC PRIVATE PARTNERSHIP: SÉRVULO

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Lisbon-based Sérvulo has looked to expand its practice spread in recent years, but its core focus on government and projects work means that it now faces a window of opportunity, say its lawyers.

At a time when big ticket private company and transactional work is in decline, government and public authority-led projects have reemerged as among the most attractive client opportunities now confronting law firms. State and regional stimulus and redevelopment programmes, particularly those focused on energy and infrastructure projects, are putting greater emphasis on firm's public and administrative law capabilities.

For Lisbon-based Sérvulo this is neither breaking news nor cause for a strategic rethink. The firm is long-regarded as Portugal's pre-eminent public law practice. Founded by one of the pioneers in the field, Professor José Manuel Sérvulo Correia, over the past decade it has featured prominently in virtually all of the country's headline public and administrative law deals.

Sérvulo, con sede en Lisboa, ha ampliado, en los últimos años, su bufete aunque se ha mantenido centrado en el derecho administrativo vinculado al gobierno, lo que significa que ahora se le presentan interesantes oportunidades, afirman sus abogados. En momentos en que las grandes empresas privadas y las transacciones están en declive, los proyectos liderados por el Estado y las autoridades públicas emergen entre las opciones más atractivas para los despachos. El estímulo que proporcionan proyectos y financiación pública, sobre todo los relativos a sectores energéticos o infraestructuras, está subrayando la importancia de las habilidades del derecho público y administrativo en las compañías.

Ten years on, the firm may have expanded well beyond this core expertise but nonetheless the current economic situation plays very well to the firm's strengths. "For a long time we were virtually the only dedicated law firm in the public law arena. Nowadays there are more. But work has never been scarce for us. This area represents a diversified field for legal practice," says Professor Sérvulo Correia.

"In the current environment such issues are not the preserve of the ministries. Beyond the state lay the regional governments and the local authorities. There are also in each of these institutional circles a large number of autonomous agencies and public companies.

And, of course, there are the private companies and individuals dealing with the public authorities under public law regimes. All those actors like the comfort of counsel with experience from both sides of the table."

Innovative

The core public law practice at Sérvulo was originally established in 1999 as Sérvulo Correia & Associados under the lead of Professor Sérvulo Correia, who taught Public Law at the Faculty of Law at the University of Lisbon.

Initially established as a public law boutique it brought together a team of eager young lawyers with a lot of talent and connections with the country's main law schools, says Rui Medeiros, one of Sérvulo's founding lawyers and now an executive partner at the firm.

"The idea of a public and administrative law-focused firm was an innovation. These areas of law were then still largely the domain of law faculty professors without a professional or business framework behind them. This was a branch of practice that was not even well developed in the biggest firms at the time."

Initially, much of the firm's early work was generated by demand from government and referrals from other law firms but the subsequent growth, says Professor Sérvulo Correia, has been driven by the expansion of the public law arena and the increasing complexity of deals.

"We sought to reposition our firm in line with the rapid market development of public and administrative law, especially in multidisciplinary areas such as public private partnerships (PPPs) and project finance, where it proved crucial to have specific knowledge not only in administrative law, but also in areas such as corporate, finance, tax, litigation and arbitration."

A new firm

While the firm still retains the Sérvulo name, it is, its partners insist, a new entity – the result of the merger of Sérvulo Correia & Associados with corporate and commercial firm Ferreira Pinto & Associados in January 2008. Today it counts 18 partners and around 65 lawyers in total.

The momentum behind such a move was to leverage Sérvulo Correia's reputation beyond the public and administrative arena, to move more towards the corporate sphere and to act on both the public and private side of projects – to represent the financiers, banks and companies as well as the

public authorities.

"The merger presented an opportunity to consolidate what the former Sérvulo firm had already started to achieve by organic growth: to position itself as a top multidisciplinary and medium size law firm," says Professor Sérvulo Correia.

The belief was that two medium size firms, each with a strong nucleus of practice expertise, would complement themselves: Sérvulo Correia's public law, project finance, tax and regulatory compliance expertise with Ferreira Pinto's core corporate and employment expertise.

"The two firms already had strong litigation teams, but the merger we feel gave our clients a full-service perspective with the same level of excellence that they were already used to," he adds. Clearly though the merger was not without its casualties. Shortly before, Sérvulo Correia lost its head of finance, Francisco Ferraz de Carvalho moved with a team of three associates to the Lisbon office of Linklaters. Then afterwards, one of its most high profile younger leaders, Bernardo Diniz de Ayala, left for the local branch of Uría Menéndez to lead the firms Portuguese public law practice.

Sérvulo Correia plays down such losses, as indicative only of reticence to adapt to the new environment, and a price to pay for the wider strategic aim of the new combined firm.

"I think that we may have previously been perceived in the market as too English. We were always dealing with the major international banks and financial institutions but almost all of the clients came via London."

"The departures were not the result of the economic or business situation facing the firm, but the result of strategic differences – the merger was not intended to combine the two firms, but to create a new one. Sérvulo has a clear strategy – to be a top 10 firm in the Portuguese market, and to keep its medium-size dimension. If you like, our special feature is selectivity – in its areas of practice, client profile and teams of lawyers," he says.

Fernando Ferreira Pinto, co-managing partner of the new Sérvulo, accepts that integration issues did present themselves, as is common in these processes, but that it was important for cultural differences to be overcome in order to present a single and new firm culture.

"We all felt it was important however to retain the Sérvulo brand, which we believe reflects a quality standard personified by Professor Sérvulo's signature – it reminds us where we came from, where we are going and, at the same time, what we cannot forget: determination, efficiency and rectitude."

Suitors

The merger was greeted with surprise by many in the Portuguese market. The firm, some suggest, was not without its suitors. The growing emphasis and importance of public and administrative law issues, led many of Lisbon's top tier firms to also explore such a merger option.

"The firm could have joined with any in Lisbon on an equal footing, but what was clearly important was the desire among Sérvulo's leadership to retain their autonomy and identity," says one Lisbon managing partner.

Alongside independence, and having foregone the option of joining with a larger firm, a second challenge was to find a firm that could match its own leading reputation in the public law arena. Also significant however was the continuing ability of a considerable part of the Sérvulo Correia lawyers to focus as much on the academic side of the law as private practice.

While Professor Sérvulo Correia's own academic career may have now come to an end – he gave a farewell lecture at the University of Lisbon last May – his legacy lives on. Many of Sérvulo's partners still maintain prominent positions within the country's law schools – Rui Medeiros and Fernando

Ferreira Pinto, for example, continue to lecture at the Portuguese Catholic University.

"From the outset we always thought it was possible to maintain a double career – to combine academic theory with private practice – which has often proved very attractive to the most able candidates. It is a system with which we are very comfortable," says Professor Sérvulo Correia.

In addition, the firm is routinely called on by the government to advise on administrative and public law issues, and its lawyers have been instrumental over the past decade in further developing Portugal's public and administrative legislation.

Public law partner João Amaral e Almeida notably played a lead role in the drafting of Portugal's new Public Contracts Code, which came into force last year, and is regarded by many as a significant step forward in public procurement and projects legislation for encompassing modern project finance reality.

New emphasis

In many respects Sérvulo is a firm that punches above its weight – a pocket battleship, say clients. The merger may have seen the firm seek to better balance its public and private practices, but subsequently it has also sought to further expand its expertise. Shortly after the merger, the firm announced the hire of Paulo Cíçmara as a partner, the well-respected former Director of the Regulatory Policy and International Department of the Portuguese Securities Commission (CMVM), and subsequently of competition partner Miguel Gorjão-Henriques – formerly executive director of the Portuguese Pharmaceutical Industry Association (Apifarma) and previously with Vieira de Almeida.

In addition, it has continued to put emphasis on deepening its public and administrative law expertise – hiring two senior associates and a further lawyer last November. In the past month Sérvulo has also announced the appointment of planning and environmental specialist Carlos Pinto Lopes as a consultant, and the integration of his team of three lawyers at Porto-based CPL & Associados.

Much of the practice emphasis of Pinto Lopes is towards public contracts, land use and management instruments, and the appointment, believes Medeiros, comes at a time when even greater emphasis is being placed on environmental law, sustainable development and investment in renewable energy sources.

"The management of natural resources is nowadays a worldwide concern and environmental issues are assuming a fundamental place in public discussions about the economy. It is now a fundamental area of client concern and law firm practice," he says. But the appointment is also significant for giving Sérvulo a presence in the north of Portugal, and effectively expanding its sphere of operations to the Azores, to Ponta Delgada, where much of the focus of Carlos Pinto Lopes's practice has previously been.

"The dramatic pace of the developments being undertaken in many of these countries is inevitably headline-grabbing. Mozambique is seven times bigger than Portugal, Angola is twelve times bigger, and Brazil is bigger still."

Agostinho Pereira de Miranda



"With the depth of the relationships that the firm has had for years with the Azores we decided it was time to serve clients there locally. We believe that these seeds can grow with time and they mean a great opportunity for our established areas of strength and those we are now further developing," says Professor Sérvulo Correia.

Window

The current economic situation in Portugal, says Medeiros, is presenting a window of opportunity for Sérvulo. The role of public law is clearly increasing. In Portugal, like in Spain, the recovery is being led by the government and, in that context, there is presently a number of significant public investment and infrastructure projects now in preparation.

The poor economic situation, some suggest, has at last finally prompted the Portuguese government to move projects from the planning phase to initial construction. Among the projects now underway include the development of the new €4.9bn international airport to the south of Lisbon, at Alcochete, and high speed rail links between Lisbon and Porto, which will ultimately connect to the border with Spain and its own high speed AVE rail network. Recent months have seen the financial close of the €423m Marão toll tunnel linking Amarante and Vila Real in the north of Portugal, while the government continues to place emphasis on energy efficiency and renewable energy sources – last year saw the approval of a series of new hydroelectric dams along the Alto Tíçmega as part of Iberdrola's proposed €1.7bn investment in the country's energy infrastructure.

"A law firm recognised as a leader in the public law arena has, at this moment, new opportunities to develop its business. And, in fact, we are participating in several of these projects, giving support, in certain cases, to private companies, in others, to the public sector," says Medeiros.

But in line with the prevailing economic reality Sérvulo is also now looking to bolster its counter-cyclical or anti-cyclical practices – along with a greater focus on litigation and arbitration advice, the financial downturn is raising the profile of white collar crime, employment, tax and regulatory compliance issues, adds Ferreira Pinto.

"The firm is in any event already wellplaced to cope with the current situation. The two sides of the new firm were able to complement the client needs of each other, and through the management and rebuilding of certain key practice areas we had in effect already restructured."

The firm's practice and now geographic expansion is expanding their coverage, and the strategic focus now they say is towards taking even better care of clients. While internally, psychologically important has been the move to new offices in Lisbon's Chiado district – finally bringing all its Lisbon lawyers under the same roof.

"We believe that we are well-prepared for the economic and business environment in which we find ourselves. The strategy remains towards maintaining the firm's compact size and structure by focusing on a number of core practice areas – the crossselling of our lawyers' expertise is a reality and new opportunities are clearly emerging," says Medeiros.



Debate may continue to surround how and when Portugal, like the rest of Europe, will ultimately emerge from the current economic difficulties, but clearly government intervention and projects will play a significant role in restarting countries' economies – a situation that will only continue to play to

Sérvulo strengths, says Professor Sérvulo Correia. "Every time our clients – public or private – require our services, we will be there."