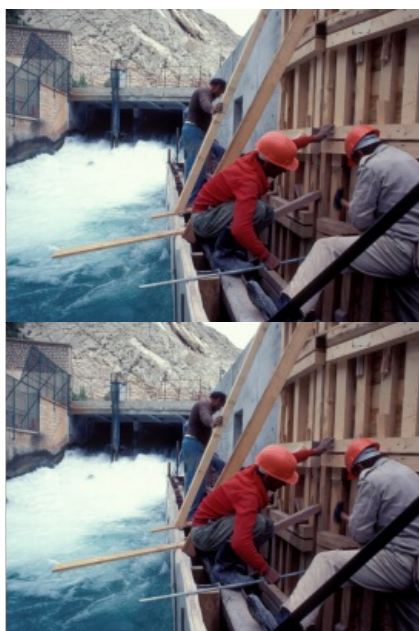


FIG COMMISSION 9

Valuation – Key to Transparency in Performance Measurement



Valuation covers a wide range of assets classes and purposes. A valuation may be required to initiate a loan on a single residential home or for a complex infrastructure project that crosses international boards or possibly the estimate of value of a transport vehicle (lorry/bus/car) or a Rembrandt painting. All will require valuation for a variety of purposes from loan security, insurance, regulatory and financial reporting. It's a great and exciting job being a valuer! Of course, you need specialist skills for the particular area of valuation work you are undertaking but the opportunities are unimaginable.

Valuation is vitally important

The critical role of valuation in the operation of markets tends to get overlooked. Valuers provide expert information to the market that allows others to make decisions based on that advice, the better the valuation advice the greater the potential for a better decision to be made in allocating this world scarce resources. To be effective the valuation profession must be trusted by all parties from the public through market participants to governments and regulators.

Maintaining and developing trust in valuation

Consistency, objectivity and transparency are fundamental to building and sustaining public confidence and trust in valuation. In turn their achievement depends crucially on valuation providers possessing and deploying the appropriate skills, knowledge, experience and ethical behaviour, both to form sound judgments and to report opinions of value clearly and unambiguously to clients and other valuation users in accordance with globally recognised norms.

As the requirements of governments and regulators progressively increase and the expectations of valuation users continue to grow, global standards for valuation have continued to evolve and now take three different but closely interrelated forms:

1. **a)** Professional standard – centred on ethics and conduct, underpinned by knowledge and competence
2. **b)** Technical standards – centred on common definitions and conventions, underpinned by consistent application through recognised approaches
3. **c)** Performance or delivery standards – centred on rigour in analysis and objectivity of judgment, backed by appropriate documentation and clarity when reporting.



Environment pollution waste, Indonesia.

FIG Commission 9 focuses on Valuation and plays a key role in collecting, debating and disseminating best practice in Valuation. It achieves this by providing a forum to explore challenges that may not fit the normal and opportunities to see how new technology and working practices can influence the efficiency and professionalism of valuers in a wide range of circumstances and geographical locations in every corner of the world.

These opportunities were the basis of the FIG Commission 9 Valuation programme designed for the Working Week 2020 in Amsterdam. There were 3 technical sessions planned and a major initiative to contribute to a UN Habitat project focused on attempting to develop a manual and due diligence protocol for the 'Valuation of Unregistered Lands and Informal Property'.

The Technical Sessions

The technical sessions were focused on three areas with an overarching aim to capture how valuation can support the adoption and implementation of the UN Social Development

Goals:

[Session1 Valuation- technical and key skills as key drives.](#)

The papers in this session focused on how technology is changing the job of the valuer. We asked the question if Valuers were a long way behind other industries/professions in the challenges to the valuers traditional roles through technology? The papers provide an excellent range of stimulating ideas that are key to debates that help us understand and consider if any of the 'Valuation Standards' we operate within are still consistent and appropriate as demands and opportunities opened up to the valuer through technology? This includes opportunities to be more specific around particular elements of value like sustainability and resilience to climate change. An example of how these sessions have led to meaningful output is the recently publication on Blockchain an emerging opportunity for Surveyors which started life as a FIG session paper some years ago (FIG and RICS publication <https://www.rics.org/uk/news-insight/research/insights/blockchain--an-emerging-opportunity-for-surveyors/>).

[Session 2 Valuation –Addressing market failures and improving decision making.](#)

How are we addressing market failures to provide governments, authorities, companies with better information to ensure better use of scarce resources?

The papers in this session focused on instances where markets are, or appear to be failing and how the valuer can help to mend the problems? Some of the papers focus on the area of valuations that relate to compensation for land or buildings compulsorily acquired and others on valuations for tax purposes with the aim of identifying best practice in challenging situations.



Development operations and activities, Syria.

[Session 3 Valuation Dynamics – Data sources and infrastructure.](#)

Information used to be king – knowledge has taken over – this session will help identify how data/information is turned into knowledge.

The papers in this session focus on new data sources and how the changes in access to information is influencing decision making with a particular focus on how knowledge created from information. The session hoped to identify what QA regimes need to be put in place to ensure the validity of the data. The emphasises is on how important it is for valuers to address publicly available information and why, if this is the case, that their advice is at odds with public perceived norms.

[Valuation of Unregistered Lands and informal property](#)

Turning to the session on the UN Habitat project to develop a Manual and due diligence protocol for the 'Valuation of Unregistered Lands and informal property'. The aim of this project is to develop a due diligence protocol/standard and field manual specifying the procedures required from land professionals, surveyors and valuers to implement the GLTN 'valuation of unregistered land' policy guide principles and conclusions.

The Global Land Tool Network, as facilitated by UN-Habitat, is an alliance of international, regional and national partners working together to "securing land and property rights for all" through the development of pro-poor and gender responsive land tools and approaches within the continuum of land rights framework. It supports the implementation of the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Forests and Fisheries (VGGTs), the Framework and Guidelines for Land Policy in Africa, Sustainable Development Goals (SDGs) and the New Urban Agenda.



Poverty in a Roma village in Bulgaria.

Value, and its attribution to unregistered and/or informal land & property, is a key component to sustainable land administration systems and is a critical component of effective land acquisition, taxation and transfer processes. Indeed, it can be argued that 'value', whether defined in purely economic terms or in a wider context of social, environmental and cultural value, is the key to establishing tenure security and identification of legitimate ownership. 'Value' is directly linked to local and regional revenue generation, functioning formalized land & property markets and is a central enabling factor within land-based financing (as underlined within the New Urban Agenda). However, this is a difficult area, with limited professional capacity and knowledge, and a chronic lack of data and in many cases cultural/social understanding. Several organisations, agencies and NGOs (GLTN, RICS, FIG, UNFAO, Namati) have attempted to better understand unregistered land valuation and informal markets through extensive research, policy guides, international guidelines (VGGT) and due diligence standards (ILMS & UNFAO – lawyers advising on land acquisition). This has resulted in strong empirical evidence and potential governance but not in a practical, field-based due diligence protocol for how to arrive at appropriate and reasonable market [\[1\]](#) 'value'. This manual has a great opportunity to synthesize previous outputs, bring closer collaboration between interested parties through the formation of a working group, and help 'value' become more effective and appropriate during the land formalization, acquisition, transfer and taxation

process. If you are interested in getting involved let us know.

Final comment

As can be seen FIG Commission 9- Valuation has a very active programme that supports the work of all areas of society by providing detailed and considered estimates of value that informs and guides decision makers across all areas of work and society with the aim of facilitating informed choices.

<https://www.gim-international.com/content/article/valuation-key-to-transparency-in-performance-measurement>
