

Jerius Y. Nassif, Syria

The trends to harmonize national property valuation/appraisal standards and the role of valuation in poverty reduction

The aim of this research paper was to expose the connections between adopting good valuation practice and poverty reduction in developing and ex-communist nations for an overall objective of analyzing and exhibiting the role of the former in the latter. To achieve its purpose, the paper was divided into two different research subjects, or parts. A theoretical framework, hypothesis, a set of appropriate research questions, and a questionnaire-survey form were produced for each part, besides an interview questionnaire form for the second part. As a result, this research work included the testing of two-hypotheses for two-different subjects; exploring two-sets of research-questions; distributing two-forms of questionnaire-survey among two different professions, and conducting vis-à-vis interviews with local bankers and professional valuers for the second research part. The first part of this thesis research work investigated the subject of national valuation standards harmonization potential and the feasibility of adopting a single consistent basis for valuation services by nations worldwide. The objective of this part was to show that although property markets vary in features, it is possible to replace all existing national valuation standards with a single international valuation standards (Hypothesis of Part-I, HP1); thus, paving the way for the second part and the main aim of this research paper. In part two, being the main part, the paper aimed to reveal the link(s) between valuation and poverty and the benefits or advantages of using internationally acceptable valuation standards in poverty reduction through the conversion process of 'dead capital' into 'active capital,' which de Soto 'talks' about in his latest book titled *The Mystery of Capital* and wishes to achieve by issuing secured titles. Although the researcher agreed with de Soto on the role of this conversion in poverty reduction, the research work in this part intended also to show that valuation and secured titles were equally important in order to initialize this conversion process, on the one hand, and on the other hand, using internationally acceptable valuation standards in this conversion process would play a bigger role than secured titles in the long by protecting the creditors and the general interest; thus, securing a sustainable and healthy economic growth and, as a result, progressive poverty reduction. The methodological approach to the first part included literature review of various valuation publications, distribution of electronic questionnaire survey among professional valuation organizations and practitioners around the

world via the Internet, and arranging vis-à-vis interviews. Whilst approximately 60 survey forms had been sent out, the final conclusion of this part was based mainly of the literature review findings, and the field research - the questionnaire survey - results were used for verification purpose only. Meanwhile, the situation was reversed in the second part, where the field research findings using questionnaire survey and personal interviews were the main foundation of the conclusion in most parts. Here, more than 130-questionnaire survey forms were sent out to banks and financial institutions and valuation firms around the world, and fifteen vis-à-vis interviews with bankers and professional valuers were attended. Confirmed by the survey results, the literature review in Part-I showed that adopting a single set of valuation standards by all states around the world was possible and a must in order to meet today's globalization demands. Furthermore, research findings of this part revealed a convergence process - already in progress - from national valuation standards into the International Valuation Standards (IVS) as published by the International Valuation Standards Committee (IVSC). Nonetheless, national valuation standards were not to be dropped completely. Rather, national valuation standards were to be used as supplemental standards in requirements of some local legislations. As a result of these findings, the first hypothesis of this paper, HP1, was proved to be true beyond any doubts. From the research findings of Part-II, it was clear that adopting and using internationally acceptable valuation standards, such as the IVS, in the valuation of assets to be used for securing bank lending would give applicants, as well as creditors and the general interest, a number of advantages. Applicants' advantages would be, inter alia, lower interest rates, higher loan to value ratio (i.e. more money), higher number of successful applications, more lenders, lower investment risks, etc. Lenders' advantages would be, inter alia, lower risk, bigger market place, higher protection from valuation frauds, etc. Meanwhile, the advantages of the general interest would be stable financial system, sustainable economic development, more job opportunities, less economic set backs, higher transparency, higher GDP and income per household, progressive reduction in poverty, etc. These advantages were extracted from the field research as well as a number of various real-examples of crashes in the financial and real estate sectors where bad valuations had a significant contribution into these crises around the world. Thereafter, based on the above findings and other findings, valuation and secured-titles were equally important for the start of converting dead capital into active capital, and, in addition to that, the adoption and usage of an internationally acceptable valuation standards would prevail over secured titles in poverty reduction by ensuring sustainable economic growth, thus proving the second hypothesis of this paper, HP2, to be true. Thus, the aim of the two research part of this master's thesis was achieved successfully.

Finally, the author had tightened all loose ends of this research work in the last chapter of this paper highlighting the links between valuation and poverty, by breaking-down and analyzing the United Nations' definition(s) of poverty and connecting them to the results of the research findings. Thereafter, the researcher had exhibited the significance of his research work by connecting it to and disclosing the importance of reducing poverty worldwide. At the end, the paper was closed with some comments and recommendations from the author.

Key words: Valuation/appraisal, poverty reduction, national valuation standards, stable financial system, sustainable economic development, Syria.