



Adoption of the International Valuation Standards (IVS)

Case Study:



المدينة السعودية للمقيمين المعتمدين
Saudi Authority for Accredited Valuers



International Valuation Standards Council



The International Valuation Standards (IVS) are internationally agreed, high-level standards, setting best practice for the valuation of all asset types. They are developed by independent boards of world-leading experts and consulted on widely before being implemented.

The IVS belong to the entire valuation profession. Their use promotes trust, comparability and confidence in valuation data.

The adoption of IVS by standard setters and professional organisations is critical to building confidence in what is a global profession. Some of these organisations use IVS as their de facto valuation standards; others use IVS as the core standards and add additional guidance around them. The result is the same – greater transparency, consistency and professionalism in valuation.

This series of case studies provides an insight into how IVS is being adopted by organisations throughout the world.



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Taqeem is a Saudi Government body overseeing the valuation profession. In fact, the word “*Taqeem*” means Valuation in Arabic.

Taqeem was established under the *Accredited Valuers Law* as a government organisation, with objectives to: Organise and develop the valuation profession; increase public trust in valuation by qualifying and accrediting valuers; applying robust standards; and raising professionalism and ethical practice.

Taqeem's role is to regulate, qualify, develop and monitor valuation professionals across *all* asset classes. To achieve this, Taqeem not only works as a regulator, but also as an enabler and promoter of the profession. Taqeem currently regulates valuation in real estate, business valuation, machinery & equipment. By 2020, Taqeem is planning to regulate valuation in the precious metals and gemstone industries. Valuation is the core skill of all Taqeem accredited valuers and forms the main professional service they provide.

How are the International
Valuation Standards integrated
within the rules issued by
Taqeem?

Taqeem has fully adopted the International Valuation Standards and integrated it within its training and accreditation programs.

Taqeem issues specific guidance ('manuals') for each valuation sector and asset class it regulates. The International Valuation Standards are incorporated and referenced in all guidance issued by Taqeem.





Who follows the valuation rules
set by your organisation?



الهيئة السعودية للمقيمين المعتمدين
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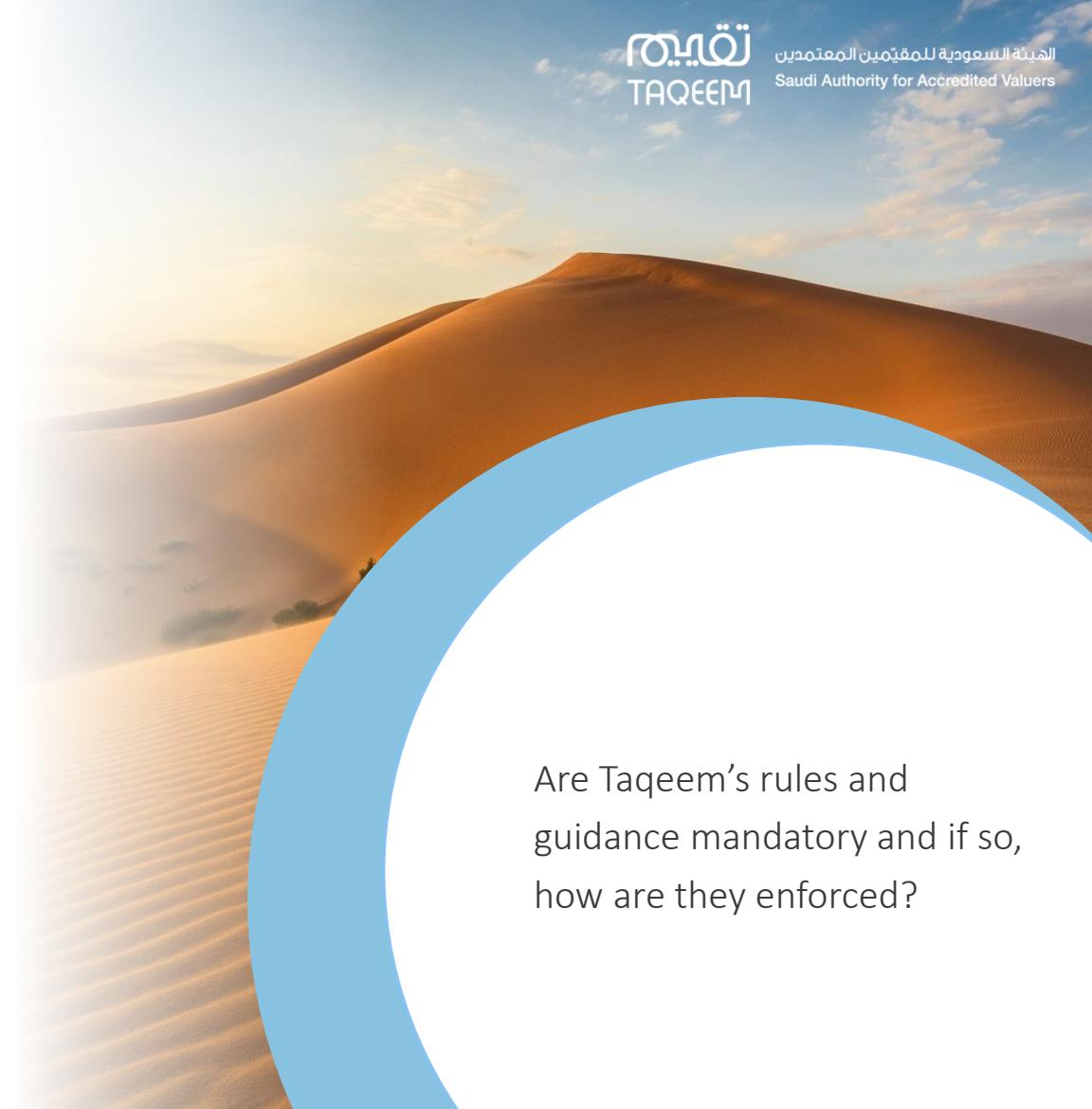
Any valuer in the Kingdom of Saudi Arabia must be accredited by Taqeeem and follow its rules, regulations and standards (including the IVS) and the code of ethics. Currently, Taqeeem qualifies and accredits valuers from more than 28 countries. Qualifications and accreditation provided by Taqeeem are recognised by valuers and valuation procurers throughout the region.



International Valuation Standards Council

Yes, the guidelines issued by Taqeeem are mandatory. The IVS provide the core standards for all Taqeeem accredited valuers and are therefore mandatory. However, if any local law stipulates otherwise, it must take precedence over the IVS. Valuers must disclose and support any departure from IVS. Specific IVS-integrated guidance is also mandatory for each asset sector, with the degree of stipulation for each clause varying using the IVS language of, 'must', 'should' and 'may'.

Valuers are provided with training, assessments and guidance to support their compliance. Taqeeem has a monitoring and regulation function in place to ensure adherence and raise cases of violations either to the public prosecution or an independent valuation review committee. Violations of the Accredited Valuers Law are subject to penalties including suspension, fines and even imprisonment by a competent court.



Are Taqeeem's rules and guidance mandatory and if so, how are they enforced?

How are Taqeem's rules and guidance updated to reflect changes in the IVS?

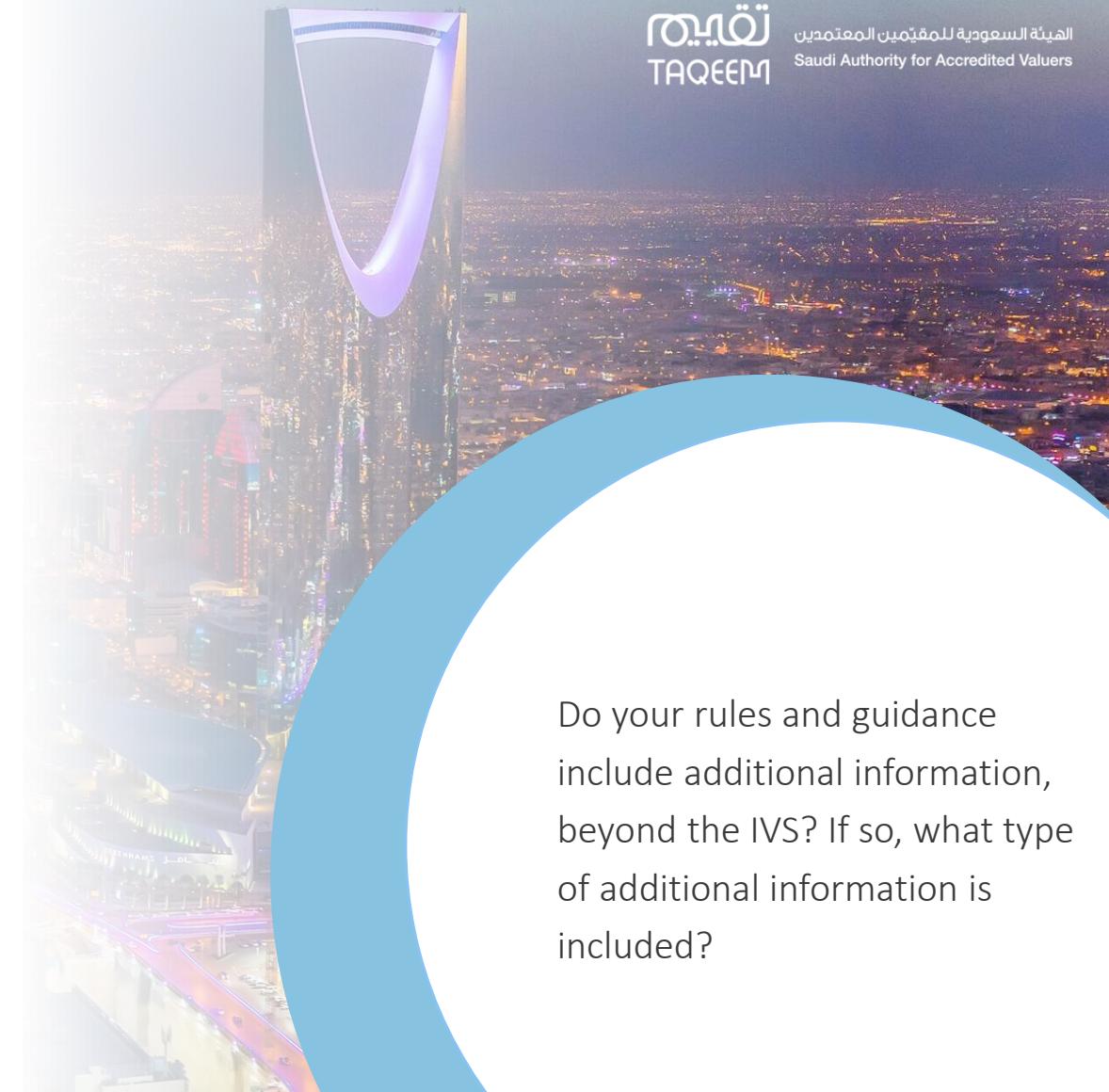
Taqeem were granted a license to translate the IVS into Arabic in 2013. Since then we have been providing all updates on the IVS to the Arabic speaking countries.

Taqeem is also represented on the Standards Review Board and provides input to the standard setting process. Training materials and manuals for each sector are regularly updated to reflect changes to the IVS's. Updates to the guidance are issued as exposure drafts for public consultation (usually sixty days). Once updates are incorporated, accredited valuers are granted a period of time to become acquainted with the updates, before they become effective.



Yes, we do publish additional guidance (manuals) for each sector or asset class. We issued the Saudi Valuation Manual for Business in September 2018, Real Estate in December 2018, Eminent Domain in February 2019, and are planning to issue the Manual for Machinery and Equipment Valuation and the Valuation Review Manual in 2019.

Each manual acts as standalone guidance for each sector, while at the same time complying with the IVS as the core standards for valuation rules. The rest offers more practical, detailed professional guidance and instructions to support the valuer on how to apply IVS over the life cycle of a valuation assignment from pre-engagement through to closure. Each manual includes market-specific guidance pertaining to laws and regulations related to that specific sector and provides samples and templates that guide the valuer on their daily work throughout the valuation process.



Do your rules and guidance include additional information, beyond the IVS? If so, what type of additional information is included?

Are Taqeeem's rules recognised in law or regulations? If so, please specify which.

The Accredited Valuers Law was issued by a royal decree in the 30th of May 2012. Taqeeem has ensured that all related laws, regulations or amendments issued later would recognise Taqeeem valuation rules. For instance, the implementing regulations of the Eminent Domain Law, the Law of Commercial Collaterals, the Law of Bankruptcy and Companies' Law.

The Accredited Valuers Law granted Taqeeem the right to accredit the valuation standards that should be adopted and enforce them. Within the legal context, this supersedes or abolish any related predecessor law and had to be considered in other laws to be issued in the future. Taqeeem has made the IVS Arabic version available on its website along with its IVS-integrated training materials and manuals as an endeavor to enrich the Arabic valuation content. This has helped many Arabic speaking valuers and VPOs within the region - where valuation is currently unregulated - to apply IVS and choose to adhere to it as a de facto standard.



Taqeem qualifies and accredit valuers from many nationalities and VPOs throughout the world when practicing valuation in Saudi Arabia. In addition, issues such as cross border transactions, multinational companies, dual-listed shares, and lessons learned from other professions, necessitated the adoption of one language for valuers, the language of the IVS.

It was important to highlight the high-level and global nature of IVS so that it could be followed in different markets and contexts. It was also vital to set out how the adoption of IVS could enhance the professionalism of accredited valuers, increase market confidence and boost inward investment. As a result, we believe that the IVS has been widely accepted by valuers and clients alike.



In adopting IVS within your organisation's valuation standards, how did you articulate the benefits of doing so to the users of your standards?

What challenges did you need to overcome when implementing IVS?

Some of the challenges were about compatibility and competency building, others were more centered on the process. Examples included, time required for translation, specialised terminology in the light of lack of Arabic content for the valuation profession, and the absence of undergraduate or postgraduate academic degrees specialised in valuation.

Challenges involved resistance to change and regulation, uncertainty about how to overcome local, legal and cultural issues. Accordingly, we had to develop our own training programs and educational tools to support our trainee accredited valuers, train the trainers, make partnerships with leading international VPO's around the world, as well as prepare the local guidance for each sector to overcome such challenges. We also established a translation process so that we could incorporate IVS updates in a timely and expedient manner.



Taqeeem joined the IVSC by a royal decree in 2013 and started translating IVS 2011, and then IVS 2013. We issued 3 editions of IVS 2013 in Arabic where the latest was authenticated by IVSC and integrated in our training materials.

Taqeeem's Board of Directors approved full adoption of IVS in 2014 and since then Taqeeem has been a major supporter of the IVSC and the IVS's. We also translated IVS 2017, had it authenticated and incorporated in our training and valuation manuals.



When did you start the process of adopting IVS? How long did it take to adopt IVS?



If anyone is interested in learning more about how this was achieved, we would be happy to discuss it in detail.

They can contact myself or our Communications Manager, Mr. Saleh Alzowayed: salzowayed@taqeem.gov.sa



Who can organisations contact at Taqeeem if they are interested in learning more?



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