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**Paper Title:**

**International Standards- a critical contribution to disaster recovery.**

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**Key Words:**

Stimulate economic recovery, mitigation of delay, audit trail, Risk Reduction, improved communication in disaster situations.

**Paper Objectives:**

Returning confidence to markets that have been affected by disasters is critical to their economic recovery and information is a key component in the recovery process and the restoration of confidence. International Standards potentially have a key role to play in this important area. Research has shown that actions taken quickly and decisively after a disaster occurs significantly affect the post disaster recovery period. How International Standards can contribute to this critical area has not been fully considered. The paper will examine the role and how International Property Measurement Standards, International Valuation Standards, International Construction Standards and International Ethical Standards have the potential to significantly affect and improve the outcomes following a disaster.

**Background:**

This paper is an initial scoping paper that examines the hypothesis that International Standards have a critical role in improving disasters recovery planning and implementation by providing a common language understood across borders. Disasters come in many forms and cover different time periods. It has been recognised that a critical element contributing to the degree of recovery from disaster, manmade or natural, is the speed at which initial counter measures are actioned. Be they relief actions or longer term recovery strategies. The speed at which appropriate actions can be taken is reliant on the information that is available to decision makers. In this paper we investigate the hypothesis that having International Standards in Property Measurement, Valuation, Construction and Ethics can reduce the time needed for critical decisions to be taken and thereby increase the potential success of disasters recovery. By the very nature of Disaster aid it is cross boarder and therefore removing any obstacles to understanding the issues saves time.

International Standards:-

As De Soto said (2000: 57):

“If standard descriptions of assets were not readily available, anyone who wanted to buy, rent or give credit against an asset would have to expend enormous resources comparing and evaluating it against other assets- which would also lack standard descriptions.”

International Standards are an implementation of the DeSoto statement. They create a common language that helps in the understanding of situations and assets avoiding time delays. An example is the International Financial Reporting Standards (IFRS) whose mission is ‘to develop IFRS Standards that bring transparency, accountability and efficiency to financial markets around the world. Our work serves the public interest by fostering trust, growth and long-term financial stability in the global economy.

- IFRS Standards bring transparency by enhancing the international comparability and quality of financial information, enabling investors and other market participants to make informed economic decisions.
- IFRS Standards strengthen accountability by reducing the information gap between the providers of capital and the people to whom they have entrusted their money. Our Standards provide information that is needed to hold management to account. As a source of globally comparable information, IFRS Standards are also of vital importance to regulators around the world.
- IFRS Standards contribute to economic efficiency by helping investors to identify opportunities and risks across the world, thus improving capital allocation. For businesses, the use of a single, trusted accounting language lowers the cost of capital and reduces international reporting costs
- If we now consider these same attributes in the application for Disaster Recovery, the same attributes are equally applicable in facilitating and speeding up the decision making process that is critical to the recovery from disasters.

In addition to IFRS there are other International Standards that have been created (or are being created) by consortium. The principle aim is economic enhancement cross boarder but like IFRS the standards can have a major function to play in the area of disaster recovery because they provide critical information in a commonly understood format. They create a common language understood across borders. They create ‘standard discretion and comparison functions’ that underpin effective and timely decision making. They provide benchmarking opportunities to assess measures taken in both a physical and monetary format. The Standards reduce the opportunity for ‘Time Stealers’ i.e. individuals or process that take up unnecessary time because standardisation of information is not present. In addition the process of standardisation reduces the ‘muddy waters’ where corruption can hide.

The key international standards are:

### **International Valuation Standards (IVS)**

International Valuation Standards are set by the International Valuation Standards Council (IVSC) (IVSC, 2016). IVSC is an independent not for profit organisation that produces and sets standards for the valuation of assets across the world in the public interest. The organisations’ mission is to establish and maintain effective, high-quality international valuation and professional standards, and to contribute to the development of the global

valuation profession, thereby serving the public interest (IVSC, 2016). IVS's are the recommended standards for valuing assets in the IFRS's.

The IVS's are set by an independent standard setting Board within IVSC whom are selected from an open application process. All standards are subject to an open public consultation process before adoption.

### **International Ethics Standards for the real estate and related professions (IES)**

International Ethics Standards (IES) for the real estate and related professions are set by the International Ethics Standards Coalition (IESC) (IESC, 2016).. IESC is a coalition of not for profit Professional Bodies who have come together to agree a single set of Ethical Standards for the real estate and related professions (IESC, 2016). The objective of IESC is to create a universal set of ethical principles for real estate and related professions that will provide assurance, consistency and confidence to all users of professional services (IESC, 2016). The standards are set by an independent standard setting committee whose members are selected following an open application process (IESC, 2016). The IES's are subject to public consultation before implementation.

### **International Property Measurement Standards:**

International Property Measurement Standards (IPMS) are set by the International Property Measurement Standards Consortium (IPMSC) (IPMSC, 2016) This is a coalition of not for profit professional bodies who have come together to agree a single set of measurement standards for the measurement of real estate by use class. This is the first time a single set of standards for the measurement of real estate has been introduced on an international scale. Currently the way real estate assets, such as homes offices or shopping centres are measured varies dramatically. Data from JLL interpreted by RICS (RICS, 2016[a]) shows that, depending on which standard of measurement is adopted a 24% variance in the reported floor area is possible. IPMSC (2016) is working to develop and embed a single property measurement standard. IPMS will ensure that property assets are measured in a consistent way, creating a more transparent marketplace, greater public trust, stronger investor confidence and increased market stability.

### **International Land Measurement Standards - particularly relating to the valuation of unregistered land- ILMS**

International Land Measurement Standards (ILMS) are being developed and set by The International Land Measurement Standards Coalition (ILMSC) (RICS, 2016[b]). ILMSC is a coalition of not for profit Professional Bodies who are working together to develop and implement standards that reflect best practice in land tenure focusing on issues that will bring consistency in approach and transparency to the treatment of un-registered land that currently lies outside of formal markets. It is estimated that up to 70% of land and property in the developing world falls into this un-registered category. Success in developing ILMS will support some of the most vulnerable families and individuals in society by providing clear steps to be applied improving transparency where the unregistered land and or assets meet the market (RICS 2016[b]). The standards will be set by an independent standard setting committee with individuals selected from an open application process. The standards are subject to public consultation before adoption.

## **International Construction Measurement Standards (ICMS)**

International Construction Measurement Standards are being developed and set by The International Construction Measurement Standards Coalition (ICMSC). ICMSC is a coalition of over 50 not for profit Professional Bodies (ICMSC, 2016[a]) who are working together to develop and implement international standards for benchmarking, measuring and reporting construction project costs. At present, the way construction projects are reported and costs varies significantly between markets (ICMSC, 2016[b]). These differences make it difficult to compare projects around the world, increasing investment risk and impeding transparency. The ICMSC seeks to develop and implement a common standard for construction measurement which will enhance transparency, investor confidence and public trust in the sector. The standards will be set by an independent standard setting committee with individuals selected from an open application process. The standards are subject to public consultation before adoption.

The paper will explore how the International standards provide a clear audit trail for post disaster evaluation reducing the murky waters where corruption can hide.

### **Conclusion:**

The focus of this scoping paper has been to demonstrate how the development and implementation of International Standards increases the quality and transparency in information provided to decision makers and how that can improve the effectiveness in disaster recovery situations. The international standards also facilitate the planning function in susceptible geography to disaster and provides a benchmark to evaluate to effectiveness of responses. The seminar at the World Bank Land and Poverty Conference will be used to explore the issues further to support the development of a further paper.