White Paper 1.3: Corruption in the Sports Context

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**About this White Paper**

This white paper has been produced as part of a series developed for discussion at the Sporting Chance Forum on Mega-Sporting Events and Human Rights convened by the US State Department, the Swiss Federal Department of Foreign Affairs and the Institute for Human Rights and Business (IHRB) on 13-14 October 2016 in Washington D.C.

The white papers are clustered into four "Test Tracks", referring to key stakeholder groups, namely: (1) Sports Governing Bodies; (2) Host Actors; (3) Sponsors and Broadcasters; and (4) Affected Groups.

Each paper is in draft form and has been provided to participants at the Sporting Chance Forum for discussion purposes only. Subsequent drafts will be developed based on input at the Forum, with a proposed publication date of 10 December 2016. These drafts represent the views of either co-authors, respective authors (where separate sections have been contributed) and in some cases, interviewees. For the avoidance of doubt, where individual authors are named, the views are their own and not those of their organisation. Where there are multiple contributors, the white papers do not necessarily represent the views of each contributor and at this draft stage, no consensus is implied.

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**1. Corruption and Human Rights**

Countries typically found at the bottom of Transparency International's Corruption Perception Index CPI¹ are usually also known for their lack of protection of human rights. A state that cannot guarantee the rule of law fails in guaranteeing fundamental rights to its population. Meanwhile, corrupt practices within a company can undermine its ability to respect human rights in its operations thus doing harm to own staff, workers within the supply chain, clients, and the local population.

The United Nations Human Rights Office of the High Commissioner (OHCHR) has acknowledged the close link between human rights violations and corruption,² stating that:

"There is an urgent need to increase synergy between inter-governmental efforts to implement the United Nations Convention against Corruption and international human rights conventions."

As corruption, cronyism, and conflicts of interest can impact any aspect of the delivery of a mega sporting event (MSE) with regard to human rights over the entire life cycle, anti-corruption measures need to be integrated across all the respective Test Tracks examined in this suite of White Papers, with a particular focus on Test

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Track 1 (Sports Governing Bodies) and Test Track 2 (Host Actors). This White Paper gives an overview on the most frequent corruption risks linked to MSEs that might be important for the discussion within the multi-stakeholder Steering Committee on Mega-Sporting Events and Human Rights chaired by Mary Robinson.

### 2. Mapping and Gap Analysis

#### 2.1 Main Challenges

##### 2.1(a) Corruption within the Bidding Process

Where there is hard competition there always is the temptation to cheat. Over the last three decades as MSEs have become a more and more a sought after instrument by which to demonstrate a country’s economic and political strength, its ability to organize big events, and its status in the international community, the risk of corrupt practices to win bids to host these events have increased enormously. As a bidding city and the respective country have to invest a huge amount of money and prestige in order to stage an MSE, the pressure to succeed is high and may increase the risk of achieving the goal not just by fair lobbying.

With more countries bidding – especially some which have recently emerged from poverty as a result of natural resource exploitation, but which are often still weak with regard to political structure, rule of law, and democratic traditions – the competition dynamic between bidders and the political influence exercised has changed. Thus while the officials in international sport organizations (ISOs) have gained power in the decision-making process, a lack of transparency and accountability in ISOs makes them vulnerable to bribery. Not only have individuals sought an advantage by offering to vote for a specific bidder, but sometimes sport federations have also "sold" their event to countries that promise not just to organize the event but also to invest additional money into the specific sport. All this leads to a situation where corrupt practices may undermine any bidding criteria and decision making processes established to prevent human rights violations from the outset, and lead to an awarding decision that fails to take into account human and child rights as well as labour standards.

The Salt Lake City scandal of the International Olympic Committee (IOC) at the beginning of this century is one of the best known examples of bribery in a bidding process. The awarding of the FIFA World Cups 2018 and 2022 in December 2010 has been shadowed by incidents, with at least three officials ready to accept bribes.

The first European Games 2015 meanwhile were awarded by the European Olympic Committees (EOC) to Baku, Azerbaijan, due to the high financial support offered by the country as otherwise it would have been difficult to organize these Games at all. The dependence on Azerbaijan's money led to a situation whereby the EOC

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President played down human rights violations like the detention of journalists because they had criticised the government for spending money on the event.\textsuperscript{6}

\textbf{2.1(b) Corruption in Contracting}

While the organization of a MSE can usually be refinanced by financial support from the IOC/FIFA, national sponsors, and ticket sales, investment in venues for the competition as well as the additional infrastructure (e.g. roads, metro) needed for the event is typically paid for through public money. Corruption with regard to tendering for such contracts can lead to misspending and - especially in construction – result in health and safety accidents and even the loss of life. Huge overspending due to corruption, and/or sport venues and infrastructure that are built with low quality and of little or no long-term use to the local population can undermine a country's ability to provide fundamental services to its population.

While the high sums spent on an MSE may cause temptation and attract opaque companies/actors, the intense pressures to complete construction in time for the event, under the gaze of the whole world, and the often complicated competencies in an organizing committee (state government, city and/or regional administration, sport bodies) increase the corruption risk.

The Commonwealth Games in New Delhi 2010 were heavily affected by corruption and witnessed a new pedestrian bridge breaking down before the Opening Ceremony.\textsuperscript{7} In Rio de Janeiro 2016 a bicycle track built in connection with infrastructure for the Olympics collapsed killing two persons, demonstrating at least a lack of quality in construction.\textsuperscript{8}

\textbf{2.1(c) Corruption Undermining Due Diligence and Regulations}

Even with due diligence into contractual partners and clear regulations concerning labour standards (amongst other issues), one cannot guarantee avoiding human rights abuses. Bribery can result in the falsification of monitoring results or cause employees to neglect their duties and break the rules. Again, time pressure and the ambition of demonstrating a country's abilities to the world adds to the risk of neglecting one's duties and obscuring any negative incidents.

Forced evictions against national law have been reported from Favelas in Rio de Janeiro to secure the land for Olympic buildings, or in some case just using the Olympics as an excuse to proceed with development.\textsuperscript{9}

\textbf{2.2 Affected Stakeholders}

As corruption always needs a bribe payer and a bribe taker there are at least two persons/institutions involved, quite often from different spheres.

\textsuperscript{6} http://www.sportcal.com/News/FeaturedNews/27764?sportID=137
\textsuperscript{7} http://www.livemint.com/Home-Page/9xUHcq6F3R8nUqXjOiSf8SM/Timeline-Commonwealth-Games-2010.html; http://content.time.com/time/world/article/0,8599,2007643,00.html
\textsuperscript{8} http://www.independent.co.uk/news/world/americas/rio-de-janeiro-brazil-bike-path-collapses-2016-olympic-games-a6996196.html).
\textsuperscript{9} http://law.richmond.edu/olympics/chapters/brazil_chapter5.pdf - page 11 ff
With regard to the awarding of an MSE the bribe payers may be bidding committees, politicians from a bidding city/country (even if not personally involved in the bidding committee), a company (for example a global sponsor with its headquarter in the bidding country) or a national sports organization. Even governments may breach the rules by distributing development aid to decision-makers' countries or concluding political deals. Quite often special consultants offer their "support" to secure IOC votes with the bidders, yet the means by which they undertake their work is often unclear.

Bribe takers may come from the event organiser’s staff and officials, potentially including IOC members, FIFA delegates at the FIFA congress, and any companies/expert groups involved in examining the bids.

Corruption in contracting sees bribes paid by companies to win tenders, and bribe-takers from the LOC (and depending on the structure within the organizing committee, also from governmental institutions/city administration). Sometimes sport officials/sport organizations try to influence a decision on the supply of sporting goods due to a pre-existing or personal contract: for instance by recommending a special surface for a track as "state of the art".

Bribes to influence due diligence will be paid by those breaching the specific rules to those charged with the control.

### 2.3 Recent Developments on Good Practice

The IOC after the Salt Lake City scandal and FIFA after the incidents 2010 have both worked on their decision-making processes with regard to awarding events. The IOC has a Code of Conduct for bidding cities and IOC members alike. FIFA still needs to develop a similar framework. Undoubtedly improvements can be made in both organizations taking into account current standards on anti-corruption, for example implementing a comprehensive compliance management system and requiring the same from bidding committees and - after the awarding - from the LOC.

Corruption in contracting linked to MSEs is dealt with in the UNODC Handbook "A Strategy for Safeguarding against Corruption in Major Events" published in 2013. Albeit not specific on sport events - for example recommendations on bidding and awarding is missing - most of the proposals can be applied to MSEs. Completed by a checklist, this guide offers an easy access to fundamental requirements for major events.

The UN Guiding Principles on Business and Human Rights (UNGP), as a globally acknowledged framework to define companies' responsibility and approach to respect human rights, can also be used for MSEs. Professor Ruggie’s report on FIFA published in April 2016 adapts the UNGPs to FIFA's operations including the FIFA World Cup. On page 21 of the report Ruggie discusses briefly the corruption risks linked to FIFA and its events and their impact on human rights:

"Bribery and corruption is not only about giving and taking money for private gain that has been intended for broader social purposes. It may
also enable the parties involved to evade legal and contractual requirements, including those protecting human rights. Lack of financial integrity, therefore, is a foundational source of human rights risks.”

The Summer Olympic and Paralympic Games in London 2012 were organized with a clear sustainability concept, including an independent body to monitor the delivery of the Games, the Commission for a Sustainable London 2012.11 This Commission, for example, organized an inspection when a breach of labour standards had been reported.12

In August 2016, the Sport and Rights Alliance (SRA), an NGO coalition involving Amnesty International, Football Supporters Europe, Human Rights Watch, the International Trade Unions, Terre des Hommes, Transparency International Germany and UNI World Athletes, published "Requirements for Human Rights, Labour Rights, Anti-Corruption and Stakeholder Involvement for Olympic Games", and on the eve of the Rio Olympics the IOC promised a joint workshop to discuss the SRA's position.13

3. Gaps and How they can be Filled

3.1 Existing Gaps

While the above listed initiatives show some improvement in recent years there is quite often still little or no awareness of the importance of anti-corruption measures for the protection of human rights in relations to MSEs. At the outset the multi-stakeholder initiative chaired by Mary Robinson which is exploring an independent centre for human rights and MSEs did not include any thoughts on anti-corruption.

A lack of transparency, internal checks and balances, independent control, anti-corruption mechanisms and knowledge means that several ISOs are still struggling with their own governance. This is why up to now there has been no clear leadership in the process of taking up responsibility for human rights in a transparent and accountable manner with regard to MSEs. FIFA has just started to work on the adaptation of the UNGPs as laid down in Ruggie’s report, while the IOC has made some amendments to its Host City Contract, but still needs to take a comprehensive approach in this direction.

The usually close relationship between sport officials, politicians, journalists, and business leaders/sponsors on the national and international level causes specific conflicts of interest and cronyism that often hinders the acknowledgement of any problem with regard to human rights, or can helps a repressive regime to hide its deficiencies.

For the time being practical guidance on anti-corruption and its impact on human rights issues at MSE is absent.

10 http://www.cslondon.org/11
11 http://www.csllondon.org/12
12 http://www.hks.harvard.edu/centers/mrcbg/programs/cri/research/reports/report68
Such guidance must be based on a holistic approach, i.e. listing the actions to be taken by the different stakeholders, and fostering collective action. This has to include specific measures on anti-corruption linked to the respect for human rights in MSEs as well as mainstreaming anti-corruption measures/compliance to all areas of bidding, awarding, preparing, and staging of an MSE.

3.2 How to Fill the Gaps

The first step should be to raise awareness of the problem(s) within all relevant stakeholders and in particular make the ISOs take responsibility. This needs global political pressure as up to now the discussion has started only in some countries.

Collective action for example by sponsors and other stakeholder groups will be key to overcoming the current interdependence that leads to the lack of internal and external scrutiny.

The development of standards for transparency and accountability as well as for checks and balances within ISOs should be accompanied by a policy on institutional conflicts of interest. For example leading politicians like ministers or members of parliament should be excluded from international sport bodies as a means of ensuring sports bodies are more independent from political pressure.

This will not work without similar processes in the national sport organisations in order to separate sport organizations from politics and business in an effective way on all levels. The (mis)use of sport and MSEs for political reasons and/or personal financial gain has to be overcome.

Finally a handbook on transparency and integrity in MSEs is needed, including check lists for risk assessments, compliance management systems for bidding committees and organizing committees, due diligence for agents, companies (sponsors, TV-rights agencies, others) etc. and accompanied by a collection of best practices and show cases.

To ensure the realization of recommended measures and to achieve an overview of the implementation and the final outcome, independent monitoring and evaluation of steps taken is needed through to the end of the MSE life cycle.

4. Role for an Independent Centre

A breakthrough in acknowledging the problem might be already have been achieved by bringing it into the current discussion on an independent centre. This could be deepened in the future if the centre integrates anti-corruption as decisive in all its operations thus making the necessity of transparency, accountability and compliance visible. With the centre complying itself with the highest standards of good governance including independent bodies, oversight, and funding, it would set an important example.
Such a centre would add credibility to the whole process, potentially releasing sport organizations from public mistrust that - at least in some countries – is currently linked to their work. Sometimes (too) high expectations of what sport organizations can (and should) achieve within a short time can undermine their actions, making it even more difficult to take the right steps and work on it continuously. An independent centre would have the authority to manage expectations in a reasonable way.

Additionally, a centre could act as a moderator between different stakeholders and cultures alike, as well as a facilitator for collective action. To bring actors from all areas - sports, politics, media, business - and regions together in a global effort to overcome the current crisis in MSEs needs a multicultural approach. As far as can be seen to date, this is still one of the weaknesses of the process that has begun to establish such a centre.

The centre should also collect and share information (e.g. instruments, best practice) and coordinate activities from stakeholders and independent oversight on implementation and outcome (monitoring, evaluation). It could offer trainings for staff and officials on anti-corruption.

In looking at next steps, the multi-stakeholder Steering Committee should reach accord on the contents of this White Paper and the proposals therein. Then, in coordination with the other Test Tracks, a roadmap should be developed to integrate anti-corruption measures into other areas of the projected centre and to define which parts have to be worked out separately. The establishment of the centre itself has to be combined with developing specific high standards of independence and transparency.

References