

0.6 Executive summary

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Sport is a global phenomenon engaging billions of people and generating annual revenues of more than US\$145 billion.² While corruption in sport is not new,³ the recent pervasiveness of poor governance and corruption scandals threatens to undermine all the joy that sport brings and the good that it can do. For Transparency International (TI), the pace of building integrity in sport has been too slow, and now it must be rapidly accelerated.

The indictments on 27 May 2015 of nine current and former Fédération Internationale de Football Association (FIFA) officials on charges of racketeering and money-laundering⁴ changed the landscape overnight. Suddenly a system of 'rampant, systemic and deep-rooted corruption' was brought starkly into global focus. The re-election two days later of the FIFA president who had presided over this culture of impunity, and who was therefore either complicit or oblivious (and, either way, had failed in his duties), exposed to the watching world just how much football exists in a parallel universe of unaccountability. It is easy to understand why public trust in FIFA is at an all-time low, and is set to go even lower if promises for reform turn out to be a business-as-usual approach.⁵

The context

Yet corruption in sport is not limited to football. Cricket, cycling, badminton, ice hockey, handball, athletics and other sports, including US collegiate sports, suffer similar credibility gaps. **The reasons related to each are broadly similar.**

Sport is a public interest, played and viewed by billions, whose tax dollars often fund the hosting of major sporting events. Sport is also organised on the historic principle of autonomy,⁶ however, and sports organisations – whether international organisations, regional confederations or national associations – are subsequently afforded ‘non-profit’ or ‘non-governmental organisation’ status in most jurisdictions. This allows them to operate without any effective external oversight (or interference, depending on perspective). The statutes of most sports associations therefore require that reforms are initiated and approved by the same individuals who will be most directly affected by them. It stands to reason, then, that the murkiest sports will be the most resistant to self-incrimination and change.

Even the corporate structures of sport are largely archaic. The administration of sport is often overseen by ex-athletes with little prior experience in management, operating through very linear hierarchical organisational models. While these models may have worked in the past, many international sports organisations (ISOs), regional confederations and national sports organisations (NSOs) have simply not kept pace with the huge commercial growth of the sector, and have even chosen not to adapt in order to protect certain self-interests, including high salaries, bonuses and virtually limitless tenures.

Finally, this insular environment is facilitated by the countries that host these organisations, such as Switzerland and the United Arab Emirates, which traditionally afford favourable legal status and generous tax breaks in order to attract and keep ISOs resident.⁷ Changes to tighten legal accountability are under way,⁸ but these are usually tempered with caution since ISOs may simply relocate if the screws are tightened.

The solutions

When Sepp Blatter vowed to step down as FIFA president on 2 June, he declared: ‘While I have a mandate from the membership of FIFA, I do not feel that I have a mandate from the entire world of football – the fans, the players, the clubs, the people who live, breathe and love football...’ This short statement struck at the heart of the problem. Sports organisations, from ISOs to local community clubs, have a responsibility for their sport, and should be accountable to all those affected by their sport, from displaced communities to migrant construction workers, from grassroots fans to World Cup winners.

The current outcry against corruption at FIFA shows that, once roused, the wider sporting community can become as interested in what goes on off the field of play as on it. Tackling the roots of corruption must come primarily from within the sports community, though, starting with an acknowledgment of the problem. There must be a sincere and verifiable commitment to realise sport’s principles on inclusiveness and fair play, ‘to comply with the highest standards in terms of transparency, democracy and accountability’.⁹

At the same time internal reform must be open to external perspectives, including inputs from athletes and supporters, governments, sponsors and civil society. The ‘sports family’ needs to welcome those with know-how in anti-corruption activities, good governance, human rights, labour rights and development outside the world of sport as allies in the greater interest of sport. The *Global Corruption Report: Sport* therefore places particular focus on participation as a fundamental element of good governance in sport, and dedicates a full chapter to the voices of key participants and their respective roles.

The *Global Corruption Report: Sport* provides a comprehensive overview of the root causes of corruption across sport, presenting key participants’ perspectives side by side, as well as

the work of TI national chapters on the ground. It focuses on current challenges in sports governance as the gateway through which all other forms of corruption in sport take hold, including, for example, the regulation of club ownership and the transfer markets (here the *Report* focuses on football). The *Report* gives special attention to the bidding, awarding and planning of major sporting events as a particularly vulnerable area for widespread corruption, as evidenced from the 1998 IOC Salt Lake City scandal¹⁰ to ongoing investigations. It then looks at global developments around the criminalisation and prevention of match-fixing, and what needs to be done. Space is also provided for a chapter on the unique corruption risks inherent in the structure of US collegiate sports, and its compromising influence on academic integrity. There are contradictory opinions within the *Report*, and much still to tackle, but the wealth of information illustrates how vibrant the field of sport and corruption has become in the past decade.

Drawing from this expert analysis of structural issues presented in the *Global Corruption Report: Sport*, Transparency International identifies the following key recommendations to restore public trust in sport.

Governance

Some reform recommendations in sport can be put in place very quickly, while others will require a more incremental consultative approach. A step-by-step reform process, suitable to the size and capacity of respective sports organisations, should incorporate many of the good governance principles that guide other sectors.

- Heads of ISOs should, as a rule, be elected by an open vote of members. National members/associations of ISOs should be accountable for their positions to their national constituencies.
- Executive decision-makers should be elected rather than appointed.
- Decision-making bodies should contain at least one independent executive member.
- The gender balance of decision-making bodies should at least reflect the gender balance of participation in the respective sport as a whole.
- All ISO heads and decision-making body members should be bound by fixed terms, with mandatory gaps in service before being eligible for re-election.
- Integrity checks should be required for all senior ISO committee and secretariat staff, to be organised centrally and with independent external oversight. Due diligence criteria should include potential commercial conflicts of interest, as well as any ongoing investigations related to improper conduct. Integrity checks should be periodically reviewed.
- ISOs should put in place internal governance committees, presided over by an independent non-executive or lead director on governance issues, to provide ongoing external oversight of sport organisational decisions. Any review committees should have the mandate to review past as well as present activities.
- Sports organisations should establish independent ethics commissions/ethics advisers, with effective oversight and disciplinary authority related to codes of conduct and ethics guidelines.
- Specialised units should be created within ISOs to regularly monitor member associations and provide support in terms of governance and accountability.

- Structural reforms put in place in ISOs (elections, terms limits, integrity checks, codes of conduct, ethics and compliance structures and authority, financial transparency) should also be required to be applied uniformly to the structures of regional sports organisations as applicable as a prerequisite to membership of ISOs.
- The IOC, in consultation with all relevant stakeholders, should give serious consideration to the creation of an independent global anti-corruption agency for sport.

Transparency

- Sports organisations should establish cultures of transparency so that good work is not just done but is seen to be done. Access to information policies should be integrated and promoted.
- The publication of ISO finances – expenditures, revenues and disbursements – should be disaggregated and go far beyond minimum legal requirements in host countries so as to meet public expectations.
- Sports organisations should adhere to strict disclosure requirements, including financial reporting, and adequately communicate their activities to their internal stakeholders and the general public through accessible open data platforms.
- International and national sports organisations should publish the pay scales, as well as the salaries and costs, of senior executives/members of the executive committee, remuneration for board members, etc.
- The disbursement of funding to national member associations should be contingent on the receipt of annual financial accounts and activity reports, to be made available to the public via their websites.

- ISOs should adopt the use of governance benchmarking tools such as the BIBGIS or the Sports Governance Observer to measure progress over time,¹¹ and should periodically publish the results and lessons learnt, to be included as a section in their annual reports.

Participation

The primary responsibility for reform lies with sports organisations, from ISOs to the grassroots. This needs to be matched by sustained engagement with intergovernmental organisations, governments, athletes, sponsors, supporters and civil society.

- Any reform process to address systemic governance issues in sport should formally provide for inputs by relevant stakeholders, including athletes, supporters, governments, sponsors and human rights, labour and anti-corruption organisations. ISOs should commit themselves to honouring the recommendations of any reform process or providing formal responses for recommendations that are rejected.
- NSOs should support increased transparency and accountability, whether in speaking out for institutional reform or publicly supporting reformist platforms around elections.
- Sponsors should demand that whoever they sponsor should live up to the same anti-corruption and human rights standards that they are expected to adhere to in their own operations and in their own supply chains. As individual sponsors may fear a ‘first-mover disadvantage’, major sponsors should align to apply collective pressure for change. Sponsors should therefore consider the creation a Sports Integrity Group that sets out their shared commitment to integrity in sport and allows major sponsors to advance a common position for integrity in sport.

- Professional sport is nothing without supporters. Supporters' groups can play an even larger role than they do now, by mobilising a collective voice for key structural reforms in ISOs and NSOs and demanding a seat at the table.
- National and local governments should ensure adequate legislation to address match-fixing and organised crime in grassroots sports. In the case of US collegiate sports in particular, such legislation should protect the well-being of student athletes ahead of commercial interests. Governments should also provide whistleblower protection for those reporting malfeasance in sport, and effectively enforce access-to-information laws so as to facilitate and ensure the effective monitoring of the planning and hosting of sports events.
- Intergovernmental organisations should continue to facilitate the coordination and sharing of lessons learnt among national governments, and should develop indicators, benchmarks and self-assessment tools to help national governments identify policy gaps, needs, solutions and progress in promoting integrity in sport.

Major events

There are multiple entry points for corruption related to major sporting events. These include the selection process for bids and the related canvassing, the courting of international delegates and the use of high-priced consultants for global bidding. There are also corruption risks during the awarding process and related bribery risks. Finally, the planning and hosting of events and the attendant large-scale procurement and construction risks put local organising committees under intense pressure to provide the required infrastructure and logistics on time. ISOs, as event owners, must ensure that the process is one of integrity, from the pre-bidding phase to the closing ceremony and far beyond.

- ISOs should require a national consultation process at the pre-bidding stage. A summary of national consultation outcomes should be publicly available, and must then be presented as part of the bid criteria.
- ISOs should establish clear, obligatory anti-corruption, labour rights, human rights and environmental and social sustainability criteria as objective admissibility safeguards for the first round of bidding. They should then be assessed by internal and external joint committees at the first round.
- Official bid documents must be publicly available and bidders must include a commitment to publish detailed policies and plans for all of the above.¹²
- Official bids should be required to provide a breakdown of anticipated expenditure by sport- and non-sport-related development, as well as by the cost carrier.
- ISOs should establish an internal compliance process from the opening of the bidding phase, covering ISO member and bid countries alike, to include, at a minimum, clear policies and reporting on ethics, conflicts of interest, a register of lobbyists, gift and travel registry and whistleblower protection. This should be publically accessible through the continued rollouts of content on open data platforms.
- Major sporting events should, as a rule, be awarded through an open vote by ISO members.
- ISOs must formally recognise through the amendments of statutes that they bear a responsibility to protect human rights, labour rights, anti-corruption activities and sustainable development.

- Host contracts must include an agreement that a serious failure to uphold fundamental anti-corruption, human rights and labour standards, and the host country's own bid commitments, can result in loss of the major event.
- ISOs should require host countries to detail all major procurement processes, contracts and expenditures related to the bidding, planning and hosting of major events through an open data platform.
- ISOs should develop a clear set of assessment indicators, in consultation with external experts, to measure performance related to the above over time. External independent experts should also be part of the review process.
- ISOs should revisit tax arrangements for major sporting events and share surpluses so that host countries are not expected to host events at a net loss while ISOs extract the vast majority of revenues.
- Independent impact assessments should be carried out following events, covering all dimensions, namely the thematic (economic, social, environmental and political), the scale (local to global), the temporal (bid phase to legacy stage) and the actors (event owners, event producers, event consumers), addressing both positive and negative impacts. These can be earmark-funded by ISOs from event revenues.
- To ensure that promises on event legacies are kept, measurable legacy criteria must be a mandatory element of bids. These should include strengthening documentation of the factual evidence on the results of hosting such events, which should be made public and maintained. Any failure to meet legacy criteria can then be weighed against admissibility for hosting future sporting events, and should be acknowledged across ISOs as required elements of subsequent bidding criteria.

Match-fixing

The manipulation of competitions is now fully acknowledged as a real threat to the integrity of sport. Any sport is vulnerable to manipulation by organised crime or for sporting reasons, such as promotion or relegation.

- States should ratify the Council of Europe's Convention against the Manipulation of Sport Competitions. It commits states to investigate and sanction all match-fixing, to have cross-border cooperation on cases and to ensure prevention, including the provision of comprehensive and continuous education on the issue.
- Sport organisations should establish whistleblower systems that are independent, confidential and secure and follow Transparency International's international whistleblower guidelines.
- Governments should cooperate with NSOs to establish national focal points for sport integrity, including national ombudspersons for sport.
- ISOs should prohibit professional athletes from gambling on their own sport.
- National gambling regulations should oblige betting operators to report information on suspicious betting activity to the authorities or the relevant national platform and provide concrete guidelines as to what constitutes 'suspicious' activity.
- All people involved – athletes, coaches, referees, officials, parents – should know how to detect match-fixing before any manipulation takes place through mandatory preventative training courses provided by national associations. Athletes and other concerned individuals must be fully informed about the rules and the consequences for violations.

Notes

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- ¹ Gareth Sweeney is Chief Editor of the Global Corruption Report at Transparency International.
- ² PricewaterhouseCoopers, *Changing the Game: Outlook for the Global Sports Market to 2015* (London: PricewaterhouseCoopers LLP, 2011), www.pwc.com/gx/en/hospitality-leisure/changing-the-game-outlook-for-the-global-sports-market-to-2015.jhtml.
- ³ The 1998 Salt Lake City scandal, for example, resulted in major reforms within the International Olympic Committee, while the work of investigative journalists continued to expose corruption in governance and match-fixing across sport.
- ⁴ United States District Court, Eastern District of New York, Indictment 15 CR 0252 (RJD) (RML), 20 May 2015, <http://www.justice.gov/opa/file/450211/download>.
- ⁵ According to a Transparency International/Football Addicts poll of 35,000 fans in 30 countries on 26 May 2015, 17 per cent of fans responded that they had no confidence in FIFA. See www.transparency.org/news/pressrelease/4_in_5_football_fans_say_blatter_should_not_stand_for_fifa_president_poll_o.
- ⁶ See Jean-Loup Chappelet, 'Autonomy and governance necessary bedfellows in the fight against corruption in sport', in this report.
- ⁷ Michaël Mrkonjic, 'The Swiss Regulatory Framework and International Sports Organisations', in Jens Alm (ed.), *Action for Good Governance in International Sports Organisations: Final Report* (Copenhagen: Danish Institute for Sports Studies, 2013), http://www.playthegame.org/fileadmin/documents/Good_governance_reports/AGGIS-report_-_12The_Swiss_regulatory_framework__p_128-132_.pdf; BBC (UK), 'Cricket chiefs move base to Dubai', 7 March 2005, <http://news.bbc.co.uk/sport2/hi/cricket/4326601.stm>.
- ⁸ See Lucien W. Valloni and Eric P. Neuenschwander, 'The role of Switzerland as host: moves to hold sports organisations more accountable, and wider implications', in this report.
- ⁹ Jacques Rogge (president of the IOC from 2001 to 2013), 'Good Sport Governance', speech given at 'The Rules of the Game: First International Governance in Sport Conference', Brussels, 26 February 2001.
- ¹⁰ Bill Mallon, 'The Olympic Bribery Scandal', *Journal of Olympic History*, vol. 8 (2000).
- ¹¹ See Arnout Geeraert, 'Indicators and benchmarking tools for sports governance', in this report.
- ¹² The UN Office of Drugs and Crime 'Strategy for Safeguarding against Corruption in Major Public Events' offers a useful reference framework in relation to corruption. See UNODC, *The United Nations Convention against Corruption: A Strategy for Safeguarding against Corruption in Major Public Events* (Vienna: UNODC, 2013), www.unodc.org/documents/corruption/Publications/2013/13-84527_Ebook.pdf.