

IPACS Task Force 1

Draft Executive Summary

Reducing the risk of corruption in procurement relating to
sporting events and infrastructure

Executive summary

The organisation of sporting events and infrastructure carries high risks of inefficiencies, corruption and misconduct. To meet tight deadlines and manage significant resources for construction and infrastructure development projects might pressure organisations or governments to circumvent established procurement procedures, underpinning infrastructure delivery in almost all OECD countries, and sound risk management practices.

With a view to reducing the risk of corruption in procurement relating to sporting events and infrastructure, the International Partnership Against Corruption in Sports (IPACS) created a dedicated task force with the objective of mapping procurement standards to the specific context of sport and develop actionable guidelines and targeted tools aimed at managing procurement risks, including corruption risk in the public procurement of sporting events.

While corruption in sport has gained increasing attention over the years, the complex relationship between infrastructure, procurement and risk management strategies in a sports context have been understudied. The task force has identified new evidence to help governments, sports federations and oversight bodies better understanding these relationships and ways for detecting and mitigating corruption and collusion risks.

The task force reviewed procurement and risk management frameworks and practices related to ten major sports events held from 2008 and 2018, and analysed 76 procurements in this regard. The report represents a first necessary step to develop actionable guidelines and practical tools for mitigating corruption risks in the procurement of sports-related infrastructure.

The exercise carried out reveals areas where a preventive risk-based approach to the public procurement of sports-related infrastructure could reinforce the resilience of these sporting events to risks of fraud or corruption.

Key findings and recommendations

Data collected for the development of the report highlighted that the failure to properly record and store information on the procurement of sports-related infrastructure resulted in the loss of institutional memory which undermines the development of informed procurement risk management strategies. IPACS recommends therefore, that sports federations, governments and oversight bodies to agree on strategies aiming at centralising information pertaining to the development of sports-related infrastructure.

Risks facing procurement processes in general are mostly stemming from public and private interactions but increase significantly in the case of procurement of sports infrastructure. IPACS recommends to identify and map the roles and responsibilities of stakeholders in the delivery of sports infrastructure, including implementing agencies and

construction suppliers, and also other private stakeholders in the procurement cycle, such as architects or project managers.

As a means to mitigate corruption and collusion risks, strategies to foster genuine competition in the procurement of sports-related infrastructure should be systematically applied. Such strategies include early engagement with suppliers in advance of publishing tender-related information or advance publication notices of upcoming tenders. If managed strategically, these practices could foster competition in subsequent tenders.

Reducing predictability in the outcomes of tender processes could also be a powerful strategy to minimise risks of corruption or collusion. Price and quality award criteria, tailored to the scale and complexity of sports-infrastructure, not only adapt award mechanisms to the nature of these projects, they can also contribute to reducing the degree of certainty on tenders' outcomes by mixing quality and price assessments. Yet, in seventy-six percent of procurement processes where information has been found, award criteria focused on the lowest price. To identify proposals offering the best value for money and reduce predictability on competition outcomes, implementing agencies could consider using award criteria with both quality and price components.

Construction contracts are prone to renegotiation which, if not transparently and effectively managed, could introduce additional fraud or corruption risks. Those risks are higher in sports-related infrastructure because of the pressure to deliver projects on time. It is recommended therefore that effective governance mechanisms be put in place to ensure amendments to contracts benefit from strong oversight.

Risks affecting the procurement of sporting events and related infrastructure are multi-faceted and evolve along construction developments. Proactively managing those risks requires a coordinated governance structure and sometimes necessitates implementing innovative management strategies. While all of the above findings and recommendations will not put corruption or collusion in the procurement of sports-related infrastructure to an end, they could contribute to build more resilient frameworks and standards.

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Ignacio Martín Irigaray, Nicolas Rantica, Soledad Zarate, Alvaro Herrero and Florencia Alvarez (Argentina), Torsten Weiden (Germany), Alfredo Durante Mangoni, Paolo Bertaccini, Valérie Peano and Marco Befera (Italy) and Catherine Lacaze (France).