



# MITIGATING THE RISKS OF Corruption in The candidature Process of major Sport events



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# INTRODUCTION

The objective of this document is to provide clear and practical recommendations to support major sport event organisers at the international and national level with the view of mitigating the corruption risks that may be present during their candidature/bidding process.

These risks commonly include but are not limited to: unclear bidding procedures and regulations, in particular related to required documentation and campaigning; lack of genuine equality in the bidding process, so that the processes favour a particular bidder in an unreasonable way; lack of transparency in the evaluation and decisionmaking processes; the possibility of corrupt practices or improper influence affecting key decisions; and the lack of integrity in the voting phase, including covert practices, corruption and voting in a conflict of interest situation<sup>1</sup>. A candidature or bidding process for the awarding of a major sport event is the process typically beginning from the date when the sport-event owner<sup>2</sup> publishes the deadline date for receiving expressions of interest and ending on the date when the responsible body within the respective sport organisation (Executive Committee, Executive Board, Congress, Council, etc.) makes its final decision to select a host for their event<sup>3</sup>. Nevertheless, in some situations, like the IOC's new approach to future host elections<sup>4</sup>, the timeframe for the expression of interest to host the sport event is not specifically defined. In those cases, the IOC considers as the beginning of the process the date when a "dialogue" (either committal or noncommittal) between the parties has been established. Increasingly, major sport event organisers, may be willing to consider approaches from prospective bidding parties on a more informal basis outside of the formal bidding candidature window.

<sup>2</sup> The notion of "sport-event owner" may cover various types of entities according to the literature, however in the context of this study, the term refers to sport governing bodies owning or supervising sport events.

<sup>3</sup> Definition from International Golf Federation (IGF).

<sup>1</sup> See IPACS (2018), <u>Stocktaking Report on Managing Conflicts of Interest relating to the</u> <u>Voting for the Selection of Hosts for Major Sports Events</u>.

<sup>4</sup> See IOC Future Host approach.



### ASSESSMENT AND METHODOLOGY

For a number of major sporting events, the selection processes may take place over a short period of time or multi-year period and involve a wide and dynamic range of interactions between public and private actors, at both the national and international levels. Countries, cities, member federations, private sport or business entities and bidding committees can have different legitimate interests for bidding to host a major sporting event, such as promoting economic development, gaining international recognition and prestige, etc. However, experience shows that the multi-stakeholder and multilevel dimensions of this process entail risks that the selection process may be sometimes unduly influenced by specific interests or personal gain rather than being guided by what is in the best interest of the sport organisation and of the Sport as whole.

Following an analysis carried out on the 106 Global Association of International Sports Federations' (GAISF's) Member Federations awarding sport Events, the GAISF and the Association of National Olympic Committees (ANOC) as sport-event owners and the International Olympic Committee (IOC), as well as the five recognised continental associations, the findings have shown a variety of approaches in the candidature process. Whereas some sport organisations have established procedural and operational rules and advanced documentation which can be easily accessed online, other organisations are publishing a limited number of documents, while leaving out important information and other organisations do not publish any information on their candidature process.



Looking at the various good practices at the national and international level to help sport-event owners establish a solid framework with a minimum effort/investment, this Task Force has made a comprehensive analysis and developed recommendations for this specific matter with a view to enhance transparency and democracy in the process as well as to mitigate risks of lack of fairness and of corruption.

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Based on the initial Task Force 2 report published in 2018, as well as on the recent analysis of bidding processes of the abovementioned 114 international sport organisations which are sport-event owners (working Excel document, 2020) the proposed mitigating recommendations are the following:

Stage	Mitigating factor	Explanatory note
PRELIMINARY Stage	<ol> <li>Define and publish a clear candidature framework (operational requirements), distinguishing the sub-phases from the outset of the process.</li> </ol>	<ul> <li>As a minimum framework for the operation of the process the following are recommended:</li> <li>Bidding procedure</li> <li>Expression of interest form</li> <li>Evaluation methodology.</li> </ul>
	<ul> <li>a. Creation of a public-facing webpage / platform / document with information regarding the candidature process or publication of a media release, including contact details</li> </ul>	<ul> <li>Information to be included in the public space/media release</li> <li>Upcoming sport events to be hosted</li> <li>Timeline for bids (i.e. a bidding calendar), if such timeline is foreseen by the rules</li> <li>Links to available documentation</li> <li>Contact details for addressing questions</li> <li>Ensure changes are apparent when information is updated (e.g., by using the track changes system and or date on the documents).</li> </ul>



### **MITIGATION** RECOMMENDATIONS

Stage	Mitigating factor	Explanatory note
PRELIMINARY Stage	2. Ensure publication of the key steps and decisions for each event.	A diagram or list of key dates (if a timeline is foreseen by the rules) or milestones of a process towards the selection of the host of a major sport event should be available online for the public.
	<b>3.</b> Publish relevant documentation including an outline of the Host Contract to be signed upon awarding of the event.	<ul> <li>An outline of the Host Contract containing the main sections of the agreement, other than commercially sensitive parts, should always be available online and updated when necessary.</li> </ul>
		<ul> <li>Other important documentation to be considered are the following:</li> </ul>
		1. Competition format
		2. Terms and conditions of invitation to bid
		<ol> <li>Bid form (distinction between single-host and multi-host form)<sup>5</sup>.</li> </ol>
		- Another relevant document can be a Bid Guide <sup>6</sup> .
5 See example on <u>Volleyball Wo</u>	rld "hosting" webpage.	

<sup>5</sup> See example on <u>Volleyball World "hosting" webpage</u>.

<sup>6</sup> See example of Guide for the Bidding process for the 2026 FIFA World Cup.



Stage	Mitigating factor	Explanatory note
PRELIMINARY Stage	<b>4.</b> Put in place and publish the necessary framework, beyond the operational candidature requirements.	
	<b>a.</b> rules regarding conflict of interest applicable to the candidature process	The IPACS good practice examples for managing conflicts of interest might be used as a guide with concrete examples to help in the setup of a complete Conflict of Interest policy <sup>7</sup> .
		One example of conflict of interest in the candidature process of major sport events, which can be particularly seen in the IOC mechanism, is when members of the body responsible for the selection of the host are nationals of a country of an interested party, in which case they should recuse themselves from the process.
		A second example refers to the prohibition to hold the Session of vote for the selection of the event host in the location of one of the potential hosts.





MITIGATION	Stage	Mitigating factor	Explanatory note
RECOMMENDATIONS	PRELIMINARY Stage	<b>b.</b> rules about breaches and procedure in case of a breach	In case of breach of the candidature rules, there should be a person in charge to deal with the situation and to proceed with the necessary actions <i>(i.e. an Ethics Officer should be the person to report to and that person should be able to refer the case further to an Ethics Commission, when necessary).</i>
			An extension of this Guide's Recommendations is developed by IPACS in the "IPACS Toolkit for Reallocation of Sport Events". Therefore, it is recommended to also refer to that document in order to acquire more specific guidance on the process of reallocation, which can be one of the outcomes of a breach situation.
		c. a declarations policy	<ul> <li>It is important for the sport-event owner to have in place:</li> <li>rule prohibiting the decision-making body's members from making any public declaration appearing to give a favourable opinion of one of the candidatures (except for those in the country of a potential host)</li> <li>rule for potential hosts to refrain from making public inappropriate declarations/comments about another candidature.</li> </ul>



MITIGATION	Stage	Mitigating factor	Explanatory note
RECOMMENDATIONS	PRELIMINARY Stage	<b>ARY</b> d. a framework for relations with potential hosts	A framework for relations with potential hosts should include:
			<ul> <li>rule prohibiting the potential hosts from soliciting any kind of support from members or staff of the decision-making body</li> </ul>
			<ul> <li>rule prohibiting any inappropriate agreement, coalition or collusion between the potential hosts that may influence the result of the host election.</li> </ul>
		e. gift and hospitality policy	A definition of each term should be provided in the policy.
			The following principles should apply:
			<ul> <li>Visits between the potential host and the officials or staff of the sport event owner shall not be allowed, unless they are officially foreseen as part of the procedure (i.e. during the phase of evaluation of the bids)</li> </ul>
			<ul> <li>Hospitality offered between the potential host and the sport-event owner should only be accepted where there is a direct link to the working arrangements (as part of the foreseen agenda) and the offer can be considered as moderate/reasonable (e.g., meals or drinks/beverages)</li> </ul>
			<ul> <li>Unless received as a token of friendship or with a symbolic value and on condition that it does not give any financial or other advantage to the beneficiary and that it does not aim to influence their decision-making, any other form of gift, advantage or promise of an advantage from the potential host to the decision-making members must be prohibited<sup>8</sup>.</li> </ul>
	8 See examples of gift policy:	- Volleyball World, VW Compliance Policy	

8 See examples of gift policy: - <u>Volleyball World, VW Compliance Policy</u> - <u>FIFA Code of Ethics</u>, Article 20.



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Stage	Mitigating factor	Explanatory note
PRELIMINARY Stage	5. Establish a body/commission to explore, promote and oversee the interest in future events and to assess opportunities and risks related to the event.	
	<ul> <li>a. Terms of Reference (ToR) to be established for such body/</li> </ul>	The ToR of the body/commission should include information on:
	commission	<ul> <li>Composition – The definition of the membership of the body/commission, including their name, title, role in the body/commission, etc.<sup>9</sup></li> </ul>
		<ul> <li>Mandate – The definition of the responsibilities, tasks and term of the body/commission</li> </ul>
		<ul> <li>Governance – A general overview of how the body/ commission will take decisions and the relevant procedures</li> </ul>
		<ul> <li>Management – A general overview of how the body/ commission will operate.</li> </ul>
CANDIDATURE Stage	6. The candidate/potential host will commit to respect the IF or sport- event owner's ethical principles and/or its Code of Ethics. The sport-event owner can clarify	<ul> <li>The candidates/potential hosts shall commit to maintain a culture of honesty, fairness, impartiality, and to respect the highest standards of integrity in order to protect the reputation of the sport and of the sport-event owner</li> </ul>
	in the candidature/bidding rules which provisions of its Ethics code are specifically applicable in the candidature process.	<ul> <li>There shall be an obligation to report any adverse behaviour that could undermine the integrity of the process and damage the reputation of the sport and of the event.</li> </ul>

<sup>9</sup> The composition does not exclude the possibility of an ad hoc consultation of an independent member to provide expertise on specific matters, e.g., an expert on security or transportation matters.



### MITIGATION RECOMMENDATIONS

Stage	Mitigating factor	Explanatory note
CANDIDATURE	<b>IDATURE</b> 7. Establish an obligatory register	Aims of this mechanism are to:
STAGE	of bid consultants and publish a	<ul> <li>Avoid conflicts of interest</li> </ul>
	list of registered consultants as well as the declaration form to be signed by the consultants <sup>10</sup> and prohibit those who are unregistered from engaging in any way in the bid process.	<ul> <li>Ensure acceptance by the consultants of the sport- event owner's rules<sup>11</sup>.</li> </ul>
		The declaration should include the following informatio (beyond standard contact details):
		<ul> <li>Entity which the consultant is representing (individual or employee of a company)</li> </ul>
		- Candidature which the consultant is wishing to work for
		<ul> <li>An acknowledgement that the consultant is not linked by employment contract with any of the candidates/potential hosts</li> </ul>
		<ul> <li>A written consent signed by the consultant to respect the organisation's Statutes, Code of Ethics and other relevant regulations.</li> </ul>
	8. Organise information session(s) / workshop(s) for each candidate/ potential host to explain the process.	As a measure of equality, fairness and transparency, an information session should be organised for each candidate/potential host, where the latter will be able to ask all relevant questions about their candidature. Equa time and identical programme should be applied for all candidates/potential hosts.

10 See example of declaration form at <u>Rules for the IOC's Register of Consultants</u>, p. 59.



Stage	Mitigating factor	Explanatory note
CANDIDATURE STAGE	9. Evaluation process.	
	<ul> <li>a. Include a provision in the bid process so that offers are considered final at the time set by the sport-event owner</li> </ul>	Any verbal presentation by the candidates to the sport-event owner following the issuance of the final offer should be strictly factual and consistent with the final offer. Content of final offers cannot be changed after final submission and last-minute offers during bid presentations should not be allowed.
	b. Publish the report produced by the body evaluating the potential hosts	The report should be published via a media release to ensure awareness by the audience and remain available online, easily accessible for the public throughout the entire process <sup>12</sup> . Identifying a precise timing point for the publication of the report would be recommended.
	c. Conduct research and consider public information regarding the relevant host countries' compliance with international anti-corruption standards	Public information on each country's level of implementation of anti-corruption standards can be found in the respective Intergovernmental organisations' mechanisms <sup>13</sup> . The publicly available reports may indicate whether the overall risks linked to corruption in the country of a potential host are high or not.

12 For greater transparency, sport event owners may choose to include within their report specific details of the technical appraisal carried out to assess potential host bids (e.g. details of the scoring awarded for technical assessments).



<sup>13</sup> For instance, information is available via the <u>United Nations Convention Against Corruption (UNCAC) implementation review mechanism (for UN countries)</u>, the <u>GRECO evaluations</u> (for Council of Europe Member States) and the <u>Transparency International Corruption Perceptions Index</u>.



Stage	Mitigating factor	Explanatory note
VOTE STAGE	<b>10.</b> Voting process.	
	<b>a.</b> Provide equal opportunity to the candidates/potential hosts for presenting their candidature	The sport-event owner can set out rules about the sequence of the process from start to finish, including a rule for the sequence of the candidatures' presentations.
	<b>b.</b> Establish rules for voting	The selection body should clearly be stated in the rules.
		The following could also be considered when establishing a policy for voting:
		<ul> <li>Designation of scrutineers before the vote</li> </ul>
		<ul> <li>Provision for voting method to be used in selecting the host of the event<sup>14</sup></li> </ul>
		<ul> <li>Provisions allowing for paper or electronic voting methods</li> </ul>
		<ul> <li>Provisions about how to handle a tied vote and how to manage protests</li> </ul>
		<ul> <li>Result of the votes transparently published.</li> </ul>
	<b>c.</b> Establish rules regarding conflict of interest applicable to the voting process	The IPACS good practice examples for managing conflicts of interest might be used as a guide with concrete examples to help in the setup of a complete Conflict of Interest policy.

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14 The secret ballot is considered by this expert group as the safest course to ensure a full and fair vote. Definition: Secret ballot is a voting process (such as by use of paper voting forms or an electronic system) in which the choice made by the voter remains anonymous. This method may apply by default or when requested by a small proportion of voting members present (e.g. 25%). The voters (who may be members, stakeholders etc. depending on the nature of the organisation) feel free to choose who they believe to be the best candidate.



MITIGATION	Stage	Mitigating factor	Explanatory note
RECOMMENDATIONS	POST-VOTE Stage	<b>11.</b> Candidates/potential hosts' accounts may be independently audited <sup>15</sup> .	<ul> <li>To be provided by the candidates/potential hosts:</li> <li>A copy of financial statements to comply with local regulatory or governance requirements, and</li> </ul>
			<ul> <li>An audited Statement of Income and Expenditure, duly prepared by an independent auditor.</li> </ul>
		<b>12.</b> Provide for debriefing process.	A debriefing process at the end of the bid and selection process is recommended with the view of making future improvements.
			Where appropriate or deemed useful, major sport event organisers may consider implementing an independent review of the candidature process, to consider future improvements <sup>16</sup> .
		<b>13.</b> Provide for reallocation situation.	The IPACS Reallocation toolkit might be consulted in case it becomes necessary for the sport event-owner to find a new location/host for their sport event <sup>17</sup> .

<sup>15</sup> This step depends on each organisation's capacity.

16 See the independent auditors' report with the findings and observations on the 2026 FIFA World Cup bidding process.

<sup>17</sup> See IPACS Toolkit for Reallocation of Sport events - October 2022.

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#### This Guide has been prepared by IPACS Task Force 2.

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- <sup>1</sup> IPACS (2018), Stocktaking Report on Managing Conflicts of Interest relating to the Voting for the Selection of Hosts for Major Sports Events https://stillmed.olympic.org/media/Images/Ipacs/PDF/task-force/Final\_IPACS\_TF2\_ report.pdf#\_ga=2.184323493.282470876.1624270179-837621446.1622106905
- <sup>3</sup> Definition from International Golf Federation (IGF) https://gsites.brightspotcdn.com/74/b8/309d273c4ee08cc0c258f5e315ae/igf-eventbidding-rules-2020-final.pdf
- <sup>4</sup> See IOC Future Host approach https://olympics.com/ioc/future-host-election#:~:text=The%20two%20Future%20 Host%20Commissions,International%20Paralympic%20Committee%20(IPC).
- <sup>5</sup> See example on Volleyball World "hosting" webpage https://en.volleyballworld.com/about-us/host-an-event
- <sup>6</sup> See example of Guide for the Bidding process for the 2026 FIFA World Cup https://digitalhub.fifa.com/m/5730ee56c15eeddb/original/hgopypqftviladnm7q90 -pdf.pdf
- <sup>7</sup> See IPACS Good practice examples for managing conflicts of interest in sport organisations.

https://stillmed.ipacs.sport/media/Images/Ipacs/PDF/task-force/IPACS\_TF2\_Col\_ List\_of\_good\_practice\_examples\_ALL\_updates\_clean\_Sept2022.pdf

<sup>8</sup> See examples of gift policy: Volleyball World, VW Compliance Policy https://en.volleyballworld.com/about-us/vw-compliance-policy#

FIFA Code of Ethics, Article 20

https://digitalhub.fifa.com/m/174b40d0256de722/original/upxpc0qzxqdgipiiejuj-pdf.pdf

- <sup>10</sup> See example of declaration form at Rules for the IOC's Register of Consultants, p. 59 https://stillmed.olympics.com/media/Document%20Library/ OlympicOrg/Documents/Code-of-Ethics/Code-of-Ethics-ENG.pdf?\_ ga=2.58045738.1852589928.1654596027-490945635.1626181289
- <sup>11</sup> See Rules for the IOC's Register of Consultants https://stillmed.olympics.com/media/Document%20Library/ OlympicOrg/Documents/Code-of-Ethics/Code-of-Ethics-ENG.pdf?\_ ga=2.58045738.1852589928.1654596027-490945635.1626181289
- <sup>13</sup> For instance, information is available via the United Nations Convention Against Corruption (UNCAC) implementation review mechanism (for UN countries) https://www.unodc.org/unodc/en/corruption/implementation-review-mechanism.html

the GRECO evaluations (for Council of Europe Member States) https://www.coe.int/en/web/greco/evaluations/about

and the Transparency International Corruption Perceptions Index https://www.transparency.org/en/cpi/2020/index/nzl

- <sup>16</sup> See the independent auditors' report with the findings and observations on the 2026 FIFA World Cup bidding process https://digitalhub.fifa.com/m/96dc263bff03dc6/original/x4figgoaom1fdwitucrq-pdf.pdf
- <sup>17</sup> See IPACS Toolkit for Reallocation of Sport events October 2022 https://stillmed.olympic.org/media/Images/Ipacs/PDF/task-force/TF-2-Reallocation-toolkit\_Deliverable1\_for\_publication\_29102021\_clean.pdf#\_ ga=2.45822637.807715341.1652949064-490945635.1626181289

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