Sport is a global phenomenon engaging billions of people and generating annual revenues of more than US$ 145 billion.¹ But corruption and challenges to governance threaten to undermine all the good that sport can do and joy that it brings. For Transparency International, tackling the roots of corruption in sports requires coordinated stakeholder actions. This must happen and be driven from within the sports community.

Corruption threatens sport’s most essential elements and core values: fair play, mutual respect, the uncertainty of outcomes and trust in the rules of the game.

Over the past few years, governments and multilateral organisations have joined anti-corruption groups and the media in calling for improved governance and regulatory measures to address the corruption challenges which have tainted the image of sport. Problems in the governance of sports organisations, fixing of matches and staging of major sporting events have spurred action on many fronts. Yet attempts to stop corruption in sport are still at an early stage. For Transparency International, the pace to build integrity in sport must be quickened in order to produce the urgent and strong response that is demanded.

This paper reviews the progress towards greater transparency and accountability in the world of sport, outlines continuing and new challenges, and sets out a framework for further action in three main areas: strengthening the governance of sport organisations; combating match-fixing; and building the integrity of the bidding, awarding and staging of major sporting events.

The goal is to ensure that the right initiatives are adopted in each of these three areas so that sport can continue, in the words of the Olympic Charter, to “create a way of life based on (...) the educational value of good example and respect for universal fundamental ethical principles.”²
WINNERS AND LOSERS
WHAT'S AT STAKE

Hundreds of millions of people watch sports events every day, practice their favourite sport, or attend national and local competitions. This high level of participation and following has an influence on politics, economies and culture. It also underscores sport’s importance for national identity, health, social life and the young and old alike.

The sporting industry is an influential and multi-billion dollar business, transformed in the past two decades by an influx of funds from television rights, sponsorships and investment. The value of premium sport broadcasting rights alone will top an estimated US$ 24 billion in 2014 — three quarters of which is generated by 10 competitions. The International Olympic Committee (IOC) earned approximately US$ 5 billion from 2009-2012 while world football’s governing body FIFA (Fédération Internationale de Football Association) had a turnover and reserves each worth nearly US$ 1.4 billion in 2013 alone.

With so much public involvement, political influence and money at stake, corruption remains a constant and real risk to the world of sport. There is an urgent need to protect and promote the integrity of sport for all stakeholders including athletes, supporters and people in sports organisations. While some progress has been made to build the integrity of sport (see side bar), more must be done.

CHANGING THE GAME
GOVERNANCE OF SPORTING ORGANISATIONS

Corruption risks to sports governance vary. Where there is a lack of transparency and accountability in organisational structures, political and monetary power can accrue to individuals with little independent oversight. This problem currently characterises a number of sporting organisations and is evident in the series of corruption allegations, including at FIFA and the Board of Control of Cricket in India.

Transparency in many sport organisations could be dramatically improved. At the international, national and club level, rather limited information is publicly shared about organisational activities and decisions. With reduced transparency comes decreased opportunities for oversight and increased risks of corruption and abuses. For example, corruption and match-fixing have been alleged in handball, weightlifting, cycling and volleyball. The problems in cycling resulted in a change of president in 2013.

In some instances, the organisational structures that have governed sporting organisations for the last century have not kept pace and initiated reforms in line with the sector’s commercial growth. As a result, the financial management of sport organisations presents a significant area for corruption risk. At the local level, there have been scandals involving alleged embezzlement and bribery at sports clubs. The international organisations have not been immune to these problems either. FIFA recently fined the Antigua and Barbuda Football Association for misusing money to fund participation in the World Cup. CONCACAF, the Americas regional football federation, issued a damning report in 2013 about its former leaders and their alleged “fraudulent mismanagement” over numerous years. From the international to the national and local level, cleaner business practices are required.

ANTI-CORRUPTION IN SPORT

The issue of sport and corruption has prompted a global response from many international sporting organisations and governmental bodies. There is a consensus that sport needs a shake up and on several fronts organisations are working to introduce international good practice standards. These include:

• The fifth conference of ministers and senior officials responsible for physical education and sport (MINEPS) has called for greater protection of the integrity of sport. Under the auspices of UNESCO, it adopted this call in May 2013 as part of the Berlin Declaration.

• The UN Office on Drugs and Crime (UNODC) published in 2013 ‘A Strategy for Safeguarding against Corruption in Major Public Events’, which outlines best practices.

• The G20 Leader’s Declaration of St. Petersburg (2013) has included provisions to develop a Global Alliance for Integrity in Sports linked to major sporting events.

• The UN Global Compact has published in December 2013 a guide on fighting corruption in sports sponsorship and hospitality that outlines measures to ensure integrity and reduce corruption risks.
One governance challenge is the fact that heads of sport organisations may stay in office for long terms, creating a concentration of power and a risk of cronyism. Elections as they are currently run feed this problem and also offer an opportunity for corruption risks: similar to political contests, candidates for top office in sport organisations may attempt to ‘buy’ votes during election time. For example, in 2009 the head of the Asian football federation stepped down over vote-buying allegations and two years later similar allegations followed the election of the federation’s new president.\textsuperscript{17} The FIFA presidential election in 2011 was similarly tainted by a vote-buying scandal.\textsuperscript{18}

Additionally, questions about how clubs transfer players and the role of agents in the process reflect problems in organisational transparency. Agents help players find teams and negotiate employment contracts. But these individuals often are not required to be licensed in a country, are usually paid by clubs rather than players and sometimes do not transparently disclose conflicts of interest. FIFA introduced an online transfer matching system for international transfers to help make this process more transparent in 2010\textsuperscript{19} but there continues to be discussion about the regulation and role of agents.\textsuperscript{20}

**THE ROLE OF SPONSORS**

Until now, the issue of corruption in sport and the relationship with sponsors has rarely been connected to broader concerns of corporate responsibility and transparency. This is starting to change. In 2013 the United Nations Global Compact launched guidelines for sport sponsorship and hospitality, which recognise the corruption risks inherent in these relationships.\textsuperscript{21}

Risks include the use of bribery and corruption in securing sponsorship, the potential of conflicts of interest, and the use of sports tickets to influence business decisions. But risks also touch on the potential reputational and financial damage that a sponsor faces when a particular sport is found to be corrupt or a high-profile athlete behaves unethically.

Sponsors need to be aware of these risks and use their influence and financial power to help strengthen integrity in sport. This can include maintaining a corruption-free supply chain in their manufacturing of sports products by instituting anti-corruption policies and safeguards as well as advocating better governance at sporting organisations. There are signs that this is happening: in response to the reports alleging that bribery was behind the FIFA decision to name Qatar as the 2022 host of the World Cup, sponsors called on FIFA to address these allegations.\textsuperscript{22}

**SPORT COMPETITIONS: MATCH & SPOT-FIXING**

The manipulation of sport competitions is now acknowledged as a serious problem in many sports and at many levels. This relates both to the fixing of events within matches (spot-fixing) and manipulating the final results to ensure higher gambling pay-outs. Fixing of competitions also relates to the tradition of clubs colluding on end-of-season games to influence how teams are promoted and relegated within leagues. This may be done for prestige or, in the case of the higher leagues, access to millions of dollars in sponsorship and TV monies.

The recent increase in match-fixing is primarily linked with the rise of global, cross-border betting via the Internet. Match-fixing can affect all sports from horseracing\textsuperscript{23} and football\textsuperscript{24}, to cricket\textsuperscript{25} and snooker.\textsuperscript{26}

Athletes, referees, and other match officials most often are the means by which match-fixing occurs. These individuals abuse their positions to influence results for personal gain, but often under duress. For example, in 2012 the world players’ union for football (FIFPro) published a survey conducted in Eastern Europe on
how vulnerable players can be to match-fixing, particularly in leagues where salaries are not paid on time and organised crime syndicates target players."

**MAJOR SPORTING EVENTS: BIDDING & HOSTING**

Large-scale international sporting events produce specific risks for corruption and other abuses. These can occur in the bidding process to secure the events and in trying to deliver the events on time. The documenting of problems has been extensive in recent major sporting events including the Olympics in Beijing 2008, Sochi 2014 and Rio 2016; the Commonwealth Games in New Delhi 2010; and the World Cups in South Africa 2010, Brazil 2014, Russia 2018 and Qatar 2022. These different events have suffered from allegations of corruption, human rights violations, breaching of international labour standards, environmental problems, land-grabbing and other issues.

The bidding process for major events costs large sums of money for the countries and cities interested in hosting the event. They must submit detailed plans for how the event will be staged and also canvass for votes from decision-makers. This canvassing can cause problems. For example, IOC members were charged with bribery (though not convicted) following the awarding of 2002 Winter Olympics Games to Salt Lake City, prompting significant changes in how the IOC manages the bidding process.

The highly controversial awarding of the 2018 and 2022 FIFA World Cups to Russia and Qatar, respectively, has been followed by allegations that votes were bought and manipulated. FIFA suspended two members of its executive committee before the vote was taken and started an investigation. Overall the bidding process used for awarding games, which involves courting international delegates and the use of well-connected, high-priced consultants, is now under increased criticism. Australia, for example, which lost its bid to host the 2022 World Cup, allegedly spent millions of dollars of taxpayers’ money trying to sway the votes.

Once a bid has been won, the winner — whether a country or city — is under extreme pressure to provide the required infrastructure and logistics on time to deliver the event. This — combined with the large amounts of money involved — creates a situation in which corruption can thrive. In the case of India, what should have been a source of national pride turned sour when top Indian officials involved in staging the Commonwealth Games were arrested on corruption charges just days before the event opened in New Delhi in 2010. In Russia, the escalating construction costs for the 2014 Sochi Winter Olympics, estimated at US$ 51 billion, are under scrutiny for possible corruption. In Brazil, the rising costs of staging the World Cup and allegations of corruption, combined with poor working conditions and higher living costs, have contributed to wide-spread street protests.

**AREAS FOR ACTION**

Sport and anti-corruption reform in sport are high on the agenda of sport organisations, governments and the media. Civil society can play an important role in advocating for reform and holding those involved in sport to account by providing oversight and demanding accountability. This can only happen if there is co-ordinated and systematic stakeholder involvement through stronger partnerships between civil society organisations, governments, sponsors, fans and sporting organisations. Transparency International and other civil society organisations, for example, are taking part in the IOC’s Agenda 2020 review of its activities, including its governance.
Reforms also should involve sport adopting many of the good governance principles that need to guide the business world. A step-by-step approach to reform, suitable to the size and tradition of sport organisations, should be adopted and implemented.

Transparency International has identified the following areas where additional interventions are needed:

**Governance**

- **Clear anti-corruption guidelines.** Sports organisations need to adopt a zero-tolerance approach against corruption — with adequate and proportionate responses in all potential cases — to show that corruption is not welcome in sports.

- **Ethics and compliance.** Sport organisations can establish and enforce codes and guidelines to ensure ethical behaviour, including on conflicts of interest. Compliance programmes should be similar to those implemented by companies and which follow Transparency International’s Business Principles for Countering Bribery. Organisations should consider appointing independent ethics commissions and/or ethics advisors.

- **Independent oversight of sport organisations.** Impartial and external oversight of sport organisational decisions is needed; this could be done by introducing a governance committee presided over by an independent non-executive or creating a lead director on governance issues.

- **Due diligence and transparency requirements.** Sports organisations could pursue due diligence when appointing key officials and approving business partners (e.g. sponsors, owners of clubs, etc.). Organisation-wide access to information policies, including for elections (the process and results), should urgently be promoted.

**Match-Fixing**

- **Ratification and implementation of key multilateral agreements and organisations.** More countries outside Europe could sign up to the Council of Europe's *Convention against the Manipulation of Sport Competitions*, which is open for ratification later in 2014. The convention includes commitments 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.

- **Whistleblower systems.** The systems set up by sport organisations should be independent, confidential and secure and follow Transparency International’s international whistleblower guidelines.

**Major Sporting Events**

- **Stakeholder involvement.** All parties to the bidding and awarding of major sporting events could commit to include stakeholder engagement systematically.

- **Standards for bidding criteria.** Both bidders and those who award major sporting events should make internationally-accepted and binding standards on fundamental rights (e.g. human rights) and anti-corruption a prerequisite for any event.

- **Budget transparency.** Bidders should be expected to provide full budget disclosures for their bids, including all lobbying activities financed outside the official budget.
• **Transparency of impacts.** Bidders should provide clear disclosure about the expected short- and long-term economic, environmental, and social impacts of the event.

• **Anti-corruption strategy.** Sporting event organisers and hosts/organising committees should develop an anti-corruption strategy; a good reference point is the UNODC strategy for the delivery of sports events, particularly for matters of construction and procurement.

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**NOTES**


12. See: [www.bbc.co.uk/sport/0/cycling/24300972](http://www.bbc.co.uk/sport/0/cycling/24300972).


24 “English footballers guilty of match-fixing in Australia”, BBC.com, 6 December 2013.


27 FFiPro, “Black Book Eastern Europe” (Hoofddorp, the Netherlands: FFiPro, February 2012).


37 Tariq Panja, “Corruption to Blame for Some Brazil World Cup Cost Rises”, Bloomberg, 23 May 2014.


40 For more information on the TI project “Staying on Side” visit: www.transparency.org/whatwedo/activity/staying_on_side_education_and_prevention_of_match_fixing.