

CHANGING THE GAME:

A critical analysis of large-scale corruption in Mega Sport Event infrastructure projects

Author: Maria da Graça Prado

Abstract

Corruption in the delivery of infrastructure for Mega Sport Events (MSEs) seems to have become a common curse. High costs, low levels of monitoring and complex logistics create the perfect storm for corruption, repeating a history of malpractice that leaves poor, unsuitable and inflated infrastructure as a legacy. Tools for transparency and collaboration are key allies to changing this game. An open data system can help citizens and civil society to identify red flags in the implementation of projects,

unlocking the black box of how public money is spent. Partnerships with project preparation facilities can mitigate the long-standing issue of poor planning, and an open-book approach to cost management can provide a better understanding of contractors' costs and performance to help improve MSE estimations. Channels to report wrongdoing and integrity pacts tailored to the reality of MSEs can foster new routes to transparency and reduce the opportunities for corruption.



*Athletes at the Birds Nest Stadium, Beijing, China
Pete Niesen / Shutterstock.com*

Introduction

Corruption is an inherent risk of major infrastructure projects. [Neil Stansbury](#) lists specific features that make infrastructure projects particularly prone to corruption, including their size and unique nature, a complex contractual structure that creates many opportunities for payoffs, difficulties in monitoring, government involvement and the complexity and technicality of the sector that gives rise to asymmetries of many kinds.

The construction of infrastructure related to MSEs is no exception and evidence indicates the presence of corruption in [all stages of the project cycle](#): bribery and favouritism to secure contract award, bid rigging among competitors to manipulate public tenders, overbilling and artificial claims to inflate construction costs and numerous forms of fraud to mask over bad design, under performance and poor quality.

Characteristics of MSEs, such as the politicisation of decision making and the complex logistics needed to deliver events, seem to amplify the appetite for corruption. Despite many efforts to promote good governance in sports, including the publication of [manuals](#), [guidelines](#) and [post-event reviews](#), corruption continues to accompany almost all major events.



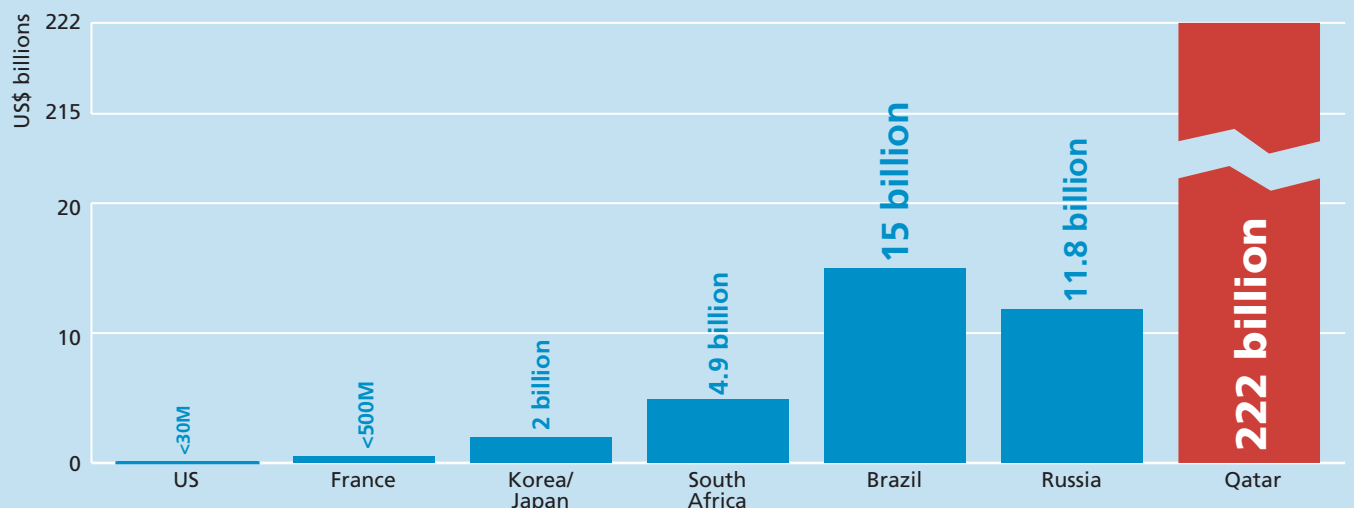
The modus operandi observed over the entire gamut of activities leading to the conduct of the Games was: inexplicable delays in decision making, which put pressure on timelines and thereby led to the creation of an artificial or consciously created sense of urgency. Since the target data was immovable, such delays could only be overcome by seeking, and liberally granting, waivers in laid down governmental procedures. In doing so, contracting procedures became a very obvious casualty. Many contracts were then entertained based on single bids, and in fact, some of them were even awarded on nomination basis. Taking liberties with governmental procedures of the aforementioned kind led to elimination of competition. A conclusion in fact is inescapable that this could indeed have even been an intended objective



*Comptroller and Auditor General of India –
Performance Audit of XIXth Commonwealth Games, (page 35)*

As part of our [EAP Insights](#) series dedicated to MSEs, this paper focusses on the risk of large-scale corruption associated with MSE infrastructure. We discuss what makes MSEs so prone to corruption, reflect on the values of transparency and collaboration to improve governance and present recommendations that we believe are necessary to tackle the matter.

COST OF FIFA WORLD CUPS



Sources: BWI, Molloy and ITUC

1 Issues at stake

Increasing implementation costs

An interesting way of understanding the cost of infrastructure associated with MSEs is to compare the amount of public investment made by host countries over the years.

One explanation for the rising costs is the need for new hosts (Brazil, Russia or Qatar for example) to build most of the infrastructure from scratch. This includes not only sports arenas but all the supporting infrastructure needed to accommodate and deliver the events, from integrated transportation systems (airports, highways, metro and train lines) to the hotels and facilities used by tourists and delegations.

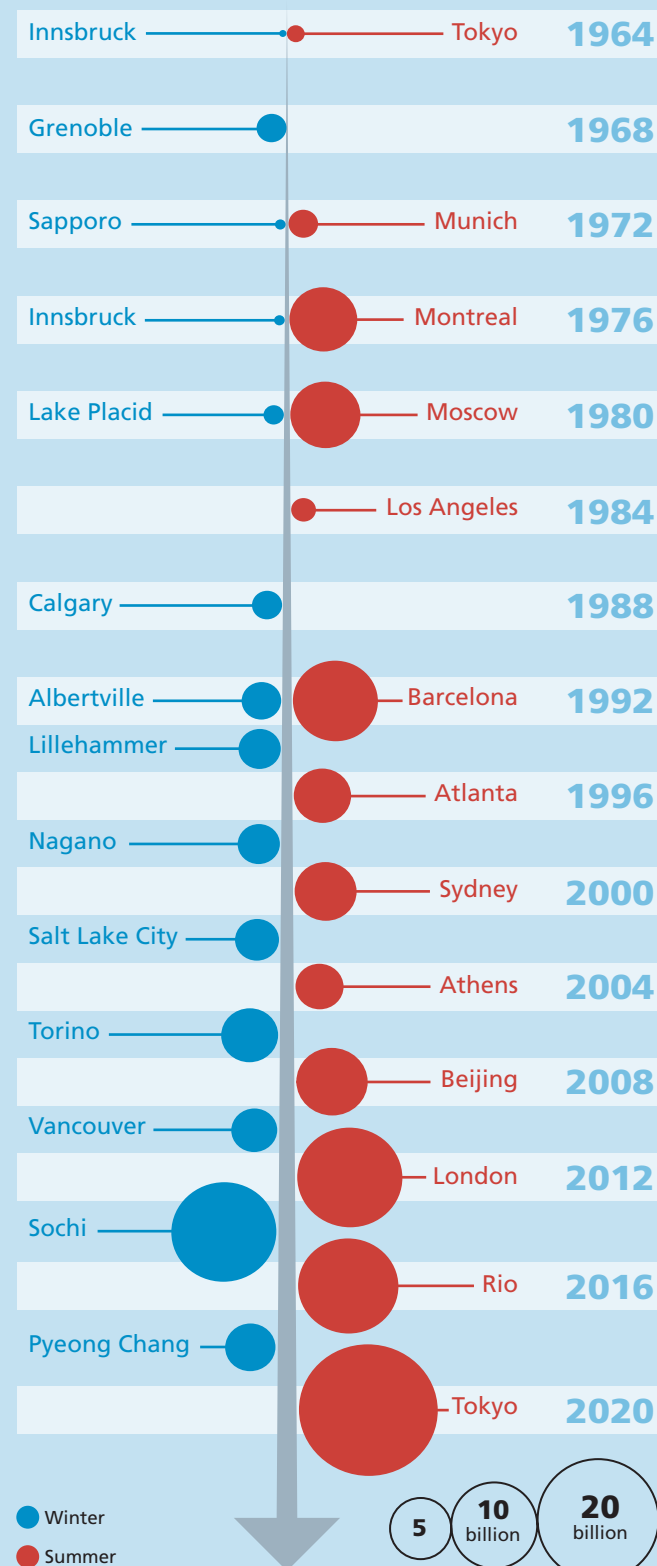
The argument is plausible: the more infrastructure is needed, the higher the implementation costs. But when we see increases as substantial as those of recent events, it is hard to justify the cost difference based on additional infrastructure alone.

If comparing implementation costs could be too simplistic, a different approach is to look at the cost per seat of the facilities built, which would put aside initial differences in terms of pre-existing infrastructure. Research shows that the cost per seat of the Stade de France, the Beijing National Stadium and the Allianz Arena in Germany ranged between US \$5,500 and US \$6,300, whereas the Moses Mabhida Stadium in Durban, South Africa, cost approximately US \$7,200 per seat and arenas in Cape Town were evaluated at US \$10,600 per seat – almost double the value of similar facilities in other countries.

Cost overruns

Higher implementation costs have a direct impact on final budgets. In South Africa, the World Cup saw a 1,709% increase from initial cost estimates. And this

COST OF THE OLYMPIC GAMES (US\$ billions)

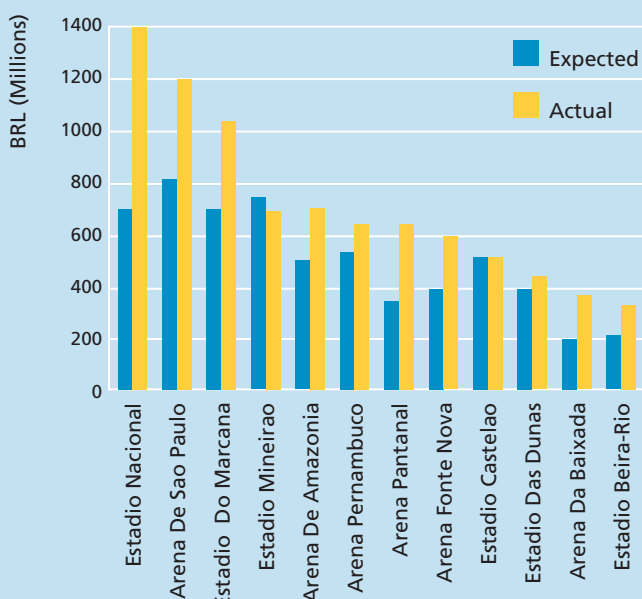


Source: *Time to scrap the Olympics?*

is not an isolated case. In Brazil, the 2014 World Cup recorded a 450% increase in stadium construction costs, with only two arenas out of 12 delivered to budget. The following examples give an idea of the overruns and the reasons behind them:

- The renovation costs of **Maracanã** were estimated to be BRL 600 million but the final budget was BRL 883 million. Odebrecht, IMX and OAS were the construction firms responsible for the works.
- The construction of **Mané Garrincha** stadium in Brasília, a city that has no major football team or active league, was initially estimated at BRL 696 million but end up costing taxpayers BRL 1.2 billion. Andrade Gutierrez and Via Engenharia carried out the construction works.
- **Arena Corinthians** in São Paulo, a stadium not included in the initial planning of the World Cup, cost BRL 820 million. Odebrecht was in charge of the works. In their judicial plea bargain, company executives revealed that the arena was a 'gift to former President Lula', an avid supporter of the local team Corinthians.

2014 WORLD CUP STADIUM COSTS



Source: *Samford University Center for Sports*



For the Summer Games, the largest cost overrun was found for Montreal 1976 at 720 percent, followed by Barcelona 1992 at 266 percent. The smallest cost overrun for the Summer Games was found for Beijing 2008 at two percent, followed by Athens 2004 at 49 percent. For the Winter Games, the largest cost overruns are Lake Placid 1980 at 324 percent followed by Sochi 2014 at 289 percent. The smallest cost overrun for the Winter Games was found for Vancouver 2010 at 13 percent, followed by Salt Lake City 2002 at 24 percent



The Oxford Olympics Study 2016:

Cost and Cost Overrun at the Games, (page 1)

Cost overruns are the rule and not the exception. **Oxford scholars** looked at the costs of Olympic Games between 1960 and 2016 and found average overruns of 156% higher than the overruns associated with **roads (20%)**, **large bridges and tunnels (34%)**, **rail projects (45%)**, **mega-dams (90%)** and **major IT projects (107%)**. As explained by the authors: “in the Games the budget is more like a fictitious minimum that is consistently overspent” (p.14).

Inaccurate planning stages

There can be many reasons for budgetary overruns and disparity between planned and actual implementation costs. **Overruns are associated**, for example, with poor management processes, a lack of competence and leadership skills, inadequate organisational structure, conflict between stakeholders and **inappropriate procurement processes** that fail to consider the built environment. In the context of MSEs, regardless of the role played by other factors, the lack of clarity in the planning stages is an important element to consider.

In South Africa, the overall specification for the event facilities changed substantially post-bid. **Some** attributed the change to the lack of clarity in relation

“

The designs of the stadiums [we saw were] not necessarily necessary [sic]... because what we're looking at is a FIFA-compliant stadium ... requires that you only have a roof on the western side. It does not require roofing [sic] all over the stadium but the designs that came forward were beautiful but quite expensive

”

South African interviewee, (page 9)

to FIFA requirements, which led to the approval of designs and the conclusion of tenders without a precise understanding of what FIFA criteria really was. The practice of 'over design' is not new in the industry but unclear requirements from sports organisations may be compounding the situation and leaving room for construction costs to vary greatly, and in many cases unnecessarily.

In the New Delhi Commonwealth Games, deficiencies at the planning stage were also raised as a major cause of cost overruns. According to the post audit review, poor quality design and late changes in technical specifications from sports organisations were key causes of deviations.

The Sochi Games, the most expensive Winter Olympic Games in history, is filled with examples of scope changes. [Post-design modifications](#) were



*The Sochi Olympic park
Martynova Anna / Shutterstock.com*

“

In most of the works, there were numerous deviations from the original scope of work, with adverse implications in terms of increased cost and delays. In our opinion, these are attributable to multiple factors: the failures of the design consultants; deficiencies in performance of the works contractors; failure of the implementing agencies to properly supervise and monitor the progress of work; and subsequent changes in detailed venue specifications at the instance of the OC/International Sporting Federations

”

*Comptroller and Auditor General of India –
Performance Audit of XIXth Commonwealth Games, (page 242)*

required to correct incomplete initial surveys which occurred for example in the biathlon and cross-country complex, where construction had to be relocated due to site issues noted after bid. In other situations, the late approval of specifications and the delayed adoption of international sustainable building standards caused substantial modifications post bid.

South Africa, New Delhi and Sochi are examples of a common pattern. [Research published by OECD](#) revealed that 49% of projects related to MSEs did not have feasibility studies and 78% did not have an impact assessment. Instead of raising the bar to improve the planning capacity of host countries, MSEs are deploying old practices that are known to increase costs and corruption risks.

“

Investing over two years in planning, before a period of three years construction and testing paid off in the long term

”

Deloitte discussing the planning process of the London Olympic Games

The benefits of appropriate planning can be seen in MSE delivery, but coordination is key. The [lessons shared by the Delivery Authority of the London Olympic Games](#) show that at the start of their master planning process,

time and attention were paid to investigating the socio-economic and topographical context of the local area. This allowed the Authority to capture the local identity and create a common concept for the landscape, infrastructure and architecture of the event. The masterplan was then translated into measurable targets that were monitored throughout implementation.

Complex contracting

Apart from technical planning, MSE implementation also entails a complex web of contracts and subcontracts executed between numerous stakeholders sitting both locally (government bodies, construction companies and their subcontractors for example) and internationally (in the case of international sponsors and sports organisers).

Past events demonstrate that [the contractual logistics of MSEs are fertile ground for corrupt practices](#), mostly in the form of influence peddling and bribery, indicating the importance of an efficient contractual management system to control costs and expenditures.

In the New Delhi Commonwealth Games, the lack of an appropriate record and documentation system prevented the review team from tracking down contracts and change orders, and assessing the totality of payments made during the event.

“
Contract management by the OC [Organising Committee] was irregular and deficient. We are not certain about the total number of contracts and work orders awarded by the OC. The state of contract documentation is such that we are not sure of the entire sequence of events leading to award of contracts. We were also unable to ascertain complete contract-wise payments and outstanding liabilities for each contract
”

*Comptroller and Auditor General of India –
Performance Audit of XIXth Commonwealth Games. (page 97)*

Absence of effective monitoring and accountability

Given the complex governance of MSEs, civil society and sports organisations are proposing different mechanisms to improve the governance of these events. In Brazil, after the high costs recorded in the Pan-American Games in 2007, the Ethos Institute launched the ‘[Clean Games](#)’ project, where companies and public officials committed to disclose information related to the costs incurred during the World Cup and the Rio Games. Although implemented and highly praised as a good governance tool, the initiative did not achieve the desired outcome of preventing widespread corruption during these events.

“
...the Host City, the Host NOC and the OCOG shall, in their activities related to the organisation of the Games refrain from any act involving fraud or corruption, in a manner consistent with any international agreements, laws and regulations applicable in the Host Country and all internationally recognised anti-corruption standards applicable in the Host Country, including by establishing and maintaining effective reporting and compliance
”

International Olympic Committee

In Russia, after the budget increase seen in the Sochi Games, [Transparency International Russia](#) led a campaign to push authorities to introduce a public, centralised monitoring portal to report on the World Cup public spending. There is no evidence that the Russian Government adopted the suggested portal.

Since the award of the 2024 Olympics to Paris, the [Open Contracting Partnership \(OCP\)](#) is engaging with the Paris Olympic Committee to encourage the adoption of open data standards in public contracts. One of the standards recommended is the [Open Contracting For Infrastructure Data Standard \(OC4IDS\)](#), a joint standard developed by OCP and [CoST – the Infrastructure Transparency Initiative](#) which provides a framework to

disclose infrastructure information and improve scrutiny over public projects. Despite government commitments in favour of access to information, securing concrete steps from host countries to adopt infrastructure open data standards for MSEs has proven difficult.

The strategy adopted by international sports organisers has been focused on the inclusion of anti-corruption provisions in bids. The International Olympic Committee leads the strategy. According to the new bid provision to be applied from 2024 onwards, the host city, the Organising Committee and the National Olympic Committee are required to refrain from committing any fraud or corrupt act, also agreeing to establish and maintain an effective reporting and compliance system.

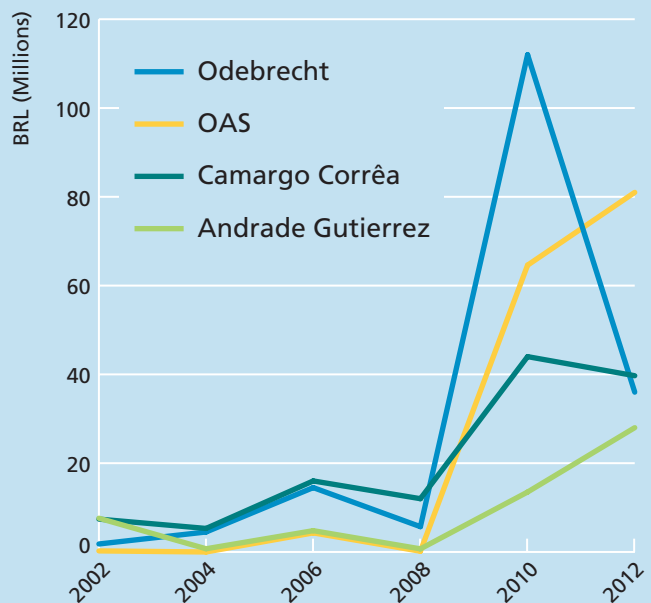
Some argue that the anti-corruption provisions will leave a positive '[governance legacy](#)', with improved standards to control corruption in MSEs. But it remains uncertain how these bid provisions will unfold in practice. Based on the history of past events, a valid concern is whether anti-corruption declarations will be enough to dissuade corrupt practices from establishing. Despite civil society initiatives, effective monitoring mechanisms remain absent in the governance of MSEs.

High levels of collusion

The combination of unclear planning stages, complex contracting and low monitoring is leading to a high level of collusion between private and public actors. Evidence from Brazil, South Africa and Russia illustrate the point.

Public records show that between 2002 and 2012, four of the construction firms responsible for most of the 2014 World Cup and 2016 Rio Games infrastructure donated almost **BRL 500 million** to political parties managing the events' funds. The significant spike in donations from 2008, as shown in the graph below, is not coincidental. In addition to the discovery of pre-salt oil reserves in 2006, the country was awarded the

CONSTRUCTION FIRMS DONATING



Source: Electoral Donations 2002-2012
(*Agência Pública de Jornalismo Investigativo*)

World Cup hosting rights in 2007 and won the bid for the Olympics in 2009. The same companies which donated so heavily from 2008 have now been convicted of bribery, over-pricing and cartel formation under the Lava Jato investigation.



Italian players lift the trophy during the 2006 FIFA World Cup, Germany. ph.FAB / Shutterstock.com

In South Africa, the local Competition Commission Authority uncovered [findings of corruption](#) which indicated that major construction companies colluded in bid-rigging to artificially raise the cost of World Cup contracts. The extra costs incurred by taxpayers corresponded to ZAR 14 billion, equivalent to US \$940 million.

Both the Sochi Games and the World Cup in Russia are cited as examples of '[rent for loyalty](#)' exchanges. Infrastructure contracts related to these events were reportedly used by government authorities to secure political alliances on a *quid pro quo* basis with economic elites and oligarchs. According to the Fund for the Fight against Corruption, Sochi venues cost [42% more](#) due to nepotism and neopatrimonial relations.

The interaction between rent-seeking and corruption

[Some](#) justify the increased opportunities for corruption in MSEs by the structure of incentives embedded in these events, where rent-seeking and corruption feed each other in a continuous loop. The high gains involved in MSEs provide the first incentive and can incite rent seekers to influence decision-makers for privileged outcomes. Decision-makers may, in turn, be tempted to personally benefit from rent-seeking, opening opportunities for corruption practices to establish. The additional gains generated from corruption (in the form of bribes for example) will refuel the self-interest of rent-seekers in a [symbiotic relationship](#) between rent-seeking and corruption.

Some MSE characteristics reinforce this interaction. The fact that MSEs occur in cycles means that stakeholders see the gains involved in the events as a reliable source of revenue. The risk is compounded by the increase in public resources to be distributed to stakeholders, which can spark illegitimate personal and political agendas. Stakeholders can also observe and learn from the past behaviour of other players, in a [dynamic game](#)

“

A vicious cycle is created where FIFA's material resources enable rent seeking behaviour of its members, feeding FIFA's corrupt behaviour and increasing the incentive to seek rents in future World Cup site selection processes

”

Has FIFA reduced its corruption risks? Lessons learned from a reform attempt

situation where the history of past events and the lack of credible detection play a key role in normalising corruption and influencing new players to repeat old practices. Unless sports organisers have clear policies on integrity and job rotation, corrupt behaviour may become a normal practice. On their part, public and private stakeholders in host countries will see MSEs as a once in a life-time opportunity to capture the high gains at stake. It is a 'wheel of misfortune' that perpetuates corruption in MSEs.

Summary of issues: A legacy of corruption

Corruption in MSEs leaves a trail of poor infrastructure in host countries. Examples are abundant: the [Commonwealth Games](#) in New Delhi were mired by corruption accusations, with a cost overrun calculated at GBP £9.1 billion. Even before the opening ceremony the new pedestrian bridge built for the event became unusable. In Rio de Janeiro, a [bike lane](#) built for the Olympics collapsed and caused the deaths of two people. The structure has collapsed two more times since the Games. In Russia, the Krestovsky Stadium in St. Petersburg showed [quality issues](#) varying from cracks in the concrete wall, vibrations of the retractable field, an uneven playing surface, sinkholes, mould and a leaking roof. The stadium cost US \$1.7 billion, a 548% increase from the original budget.

Corruption can cost lives. [Jimmy Mohlala](#), a member of the 2010 South Africa World Cup organising committee, was killed one day before being due to testify to

tender manipulation related to the construction of the Mbombela Stadium. The episode should be a constant reminder of what corruption in MSEs can cause.

How can these issues be resolved and corrupt incentives reduced? In the following sections we focus on two elements that we believe are key to bringing about the required change in the governance of MSEs.

2 The solutions based on transparency and collaboration

The role of transparency, disclosure and open information

Transparency and open information are important allies when it comes to breaking corrupt patterns. [Cross country evidence](#) shows a positive correlation between transparent governance and lower levels of corruption. The correlation is explained in many ways. Higher levels of transparency can make it more difficult for stakeholders to cover their illicit tracks. Transparency also provides [incentives](#) for honest behaviour, reducing the possibilities of rent-seeking due to the stronger deterrents for unethical conduct.

Transparency is also key to improving the quality of infrastructure. [E-procurement](#) systems which disclose information on competitors, proposals, evaluations and reasons for contract award help to reduce the space for favouritism and arbitrary decisions. This facilitates the identification of red flags, encouraging higher levels of competition and better value for money, with proven evidence of significant savings to the public budget.

Despite the known advantages of open procurement, only one out of 10 MSEs assessed by [OECD](#) used e-procurement systems throughout the entirety of the tender process. Research by the [International Partnership Against Corruption in Sports \(IPACS\)](#) also pointed to limited available information related to MSE infrastructure procurement, which raises issues including a loss of institutional memory and suggests the need for a central repository for procurement information.

As a special kind of infrastructure exposed to greater corruption risks, MSEs could benefit from higher levels of transparency and disclosure, especially in countries with weak financial controls. With access to information, citizens can learn how infrastructure investment is being carried out and hold decision-makers to account, [increasing trust](#) around these events.

Enforcing transparency and disclosure obligations does not require legal reform in most host countries. Over 112 countries in the world have already enacted their own Access to Information laws, entitling citizens to legally request public information. Research has shown, however, that [information alone may not be enough to ensure social accountability](#) as information needs to be understood and perceived as useful and actionable in order to trigger civic action. For the moment, the overall governance of MSEs still lacks an appropriate mechanism to ensure transparency and provide useful and actionable information to citizens.

“

Integrity and transparency are crucial for countering corruption effectively and the delivery of quality infrastructure

”

G20 Compendium of Good Practices

“

In Korea, the implementation of a national procurement system (KONEPs or GePS, in Korean), a one-stop shop for public procurement, has brought notable improvement in the transparency and integrity of the public procurement administration. In 2002, the Public Procurement Service, the central procurement agency of Korea, introduced a fully integrated, end-to-end e-procurement system. This covers the entire procurement cycle electronically (including for one-time registration, tendering, contracts, inspection, and payment), and related documents are exchanged online.

All public organizations are mandated to publish tenders through the system, which provides information in real time.

In the Fingerprint Recognition e-Bidding system, introduced by the Public Procurement Service in 2010, each user can tender for only one company, by using a biometric security token. Fingerprint information is stored only in the concerned supplier's file, to prevent any controversy over the government's storage of personal biometric information. In 2012, more than 62.7 percent of Korea's total public procurement (US\$106 billion) was conducted through the system. Participation in public tenders has increased and transparency improved considerably, eliminating corruption by preventing and detecting illegal practices and collusive acts. This has led to public sector savings of US\$1.4 billion

Protecting public infrastructure from vulnerabilities of corruption: A risk-based approach, (page 188)

”

Collaborative approaches

While the public may be able to request data through Access to Information laws, their ability to access and use the information can be complicated by a number of factors, including sector **fragmentation**, the delivery of infrastructure by multiple tiers of government, and different layers of contractors involved. In the case of MSEs, the presence of stakeholders across different jurisdictions poses additional challenges to citizens and civil society from host countries who would otherwise use national channels to enforce transparency and accountability.

To overcome these challenges, international organisations advocate for the use of collaborative and multidisciplinary approaches to effectively prevent and detect corruption risks. The OECD recommends that the infrastructure of major events should include a model of “*collaborative supervision and control*” where checks and controls are developed in a holistic way, with information shared among all stakeholders and across jurisdictions.

Larger events by definition spread across borders, reducing the efficacy of national controls and increasing the need for a monitoring body to consolidate and assess the data originating from multiple sources. A good practice recognised by OECD is to appoint a third party not directly involved in the event to develop and manage the data mechanism, in order to guarantee the credibility and impartiality of the system.

3 Recommendations

The prospect of high gains, coupled with low levels of monitoring in the governance of MSEs, creates opportunities for many forms of unethical behaviour throughout the lifecycle of the infrastructure delivered for these events. We understand that sports organisations are in a good position to drive the necessary change to realign stakeholders' incentives towards greater transparency and integrity in the use of public funds. Based on our findings, a set of recommendations is presented below.

1. To tackle the problem of cost overruns, poor documentation and low monitoring: A collaborative open data disclosure mechanism

The lack of an efficient monitoring mechanism is a key factor enabling corrupt behaviour in MSEs. Open data and open contracting are recognised strategies to improve integrity in government relations and can offer valuable support to foster transparency and shed light on how public money is spent on these events.

As mentioned before, an [open contracting data standard for infrastructure \(the OC4IDS\)](#) has already been developed by experts in the field, and results in [Ukraine](#) show the added-value of having the standard integrated into new or existing e-procurement systems. Combining the OC4IDS with digital analytical tools allows the disclosed data to be analysed in real time, instantly highlighting red flags in the procurement and delivery of infrastructure.

MSEs could similarly benefit from a collaborative open data mechanism. Firstly, project information would be clearly in the public eye. The OC4IDS, for example, applies a ['project identifier' tool](#) which allows public

investment to be followed from national budget to final delivery, ensuring effective monitoring by the public throughout the project cycle. Because it works as an integrated, end-to-end disclosure platform, transparency and accountability can improve considerably and expand beyond procurement.

In addition to the publication of data, a disclosure mechanism can provide useful and actionable information to citizens, a key feature that is missing in the governance of MSEs. Data analytics can help citizens and civil society to identify red-flags, such as cost overruns and questionable contract award decisions. And because open data mechanisms can combine ways to virtually store project documentation, copies of contracts, payments and change orders can be recorded and documented on a digital storage system which can point to gaps in these documents when they occur.

An open system will also allow the extraction of comparable data over time, making it possible to develop a database of similar infrastructure structures in different host countries to serve as a ['reference class forecasting'](#) to improve estimations. Creating comparable benchmarks can help flag over-designed and overpriced projects, as well as build a transparent knowledge repository to increase efficiency of the events. This is in line with [IPAC's conclusions](#) and reinvigorates the idea behind the – currently underused – [Olympic Games Knowledge Management Program](#).

Following OECD's recommendation, having a third party to implement, monitor and share the learning generated by the system is essential to guarantee credibility. [CoST](#), for example, uses a multi-stakeholder model to oversee the implementation of its programmes, which can provide guidance to delivery authorities. Our recommendation is that a multi-stakeholder working group follows the activities of

the system in order to foster collaboration and allow representatives from communities, civil society, sports organisations, the host government, construction companies and trade unions to closely oversee the activities carried out by the implementing entity.

We recommend that the commitment to develop the open data platform should be embedded in the governance of MSEs from the bidding stage, and be incorporated as a mandatory obligation to bind all stakeholders. The implementation of the platform should occur from the point where the infrastructure assets and works planned for the event are identified.

2. To tackle the problem of lack of clarity in planning stages: Partnership with project preparation facilities

Poor project planning is a problematic area which often leads to budget overrun. This is not an issue exclusive to MSEs: [research](#) shows that inadequate planning is one of the main factors behind project disruption worldwide. Lack of adequate control over the planning stages [may open up doors for corruption during and after the preparatory stage](#), causing major impact on the value of projects.

Because MSEs involve a multitude of projects to be delivered within the same timeframe, planning is essential to ensure efficient implementation, adequate coordination and integrity of public spending.

Project planning issues led multilaterals and international organisations to develop project preparation templates, [such as SOURCE from the Sustainable Infrastructure Foundation](#), as well as specific facilities to meet the demand for better project preparation. The Global Infrastructure Facility is one example of the latter – by focusing on design, preparation and investment structure the facility supports the development of “[economically, technically, socially, environmentally, and fiscally viable](#)” projects.

MSEs would profit from a partnership with a project preparation facility to bridge the quality and integrity gap currently seen in preparatory stages. Such a partnership can reduce inaccuracies and help to build the local capacity of host countries in the long-term.

A recommended way forward is for sports organisations to invite existing project preparation facilities to partner up with host governments in country bids. Streamlining the partnership from the bidding stage can reduce bureaucracies regarding individual project



Construction ahead of the London 2012 Olympics
Padmayogini / Shutterstock.com

acceptance by the facility and assure that international good practices are applied from the beginning of the development of the infrastructure.

Successful partnerships have been [reported](#), including related to digital project facilities, and there is no reason not to extend the practice to the context of MSEs. Project preparation facilities could support governments to develop a master-planning process for the event, including clear budgeting for projects, as well as assess alternative financing models that are not reliant only on direct public investment. A [privately financed event](#) with less investment in new facilities would arguably limit the scope for corruption as demonstrated in the 1984 Los Angeles Olympics and the 1996 Atlanta Games.

3. To tackle the problem of poor performance:

Creation of an open-book approach to cost management and a contractors' reputational database

Since overruns can stem from a lack of contractor capacity, MSEs would benefit from adopting an open book approach to project management. [Open Book Contract Management \(OBCM\)](#) is a structured process for financial transparency that works on the basis of the sharing and management of costs and performance data between the contractor and the client. The aim is to improve transparency as well as to promote collaboration and better management practices. [By communicating how costs build up, parties can reach a mutual understanding](#) about variations and each other's performance. The use of evidence-based documentation to assess costs and performance is of the essence in this approach.

An evaluation component can be added to the open book system to measure performance over time and at project completion. The system could work, for example, by attributing evaluation points and red flags to the performance and reputation of contractors and

consultants. All project stakeholders should be able to score each other, and a key criterion of a low score can relate to overruns and dishonest behaviour.

An open-book and a scoring system are aligned with the goals of improving project estimations, creating comparable benchmarks and feeding a transparent knowledge repository as mentioned before. Considering the presence of international players in the industry, a reputational open system can work to increase competition in bids and push for the improved performance of contractors.

4. To tackle the problem of suspected corrupt behaviour and collusive practices:

Creation of an independent whistle-blower and complaint handling mechanism

Research carried out by the [Association of Certified Fraud Examiners](#) found that 50% of corruption cases were detected by a tip-off and that losses stemming from fraudulent situations are 50% smaller in organisations that have hotline systems. Despite evidence in favour of reporting mechanisms, MSEs rarely provide specific channels to report unethical behaviour. Even examples of [whistle-blower good practice](#) are mostly sports-specific, i.e. related to the 'inside the pitch' corruption (such as match fixing and doping), excluding cases of 'outside the pitch' corruption where infrastructure projects would be situated.

The provision of an independent whistle-blower and complaint mechanism embedded in the governance of MSEs would create credible threats of malfeasance detection to help promote behaviour change. It would serve as a means to anonymously report suspected corrupt behaviour and collusive practices in infrastructure projects, as well as other wrongdoings such as labour abuse and gender discrimination.

Our recommendation is that the provision of such a mechanism is stated at the bidding stage so that stakeholders are aware of the reporting system to be established, and understand its independence from sports organisations and the host country, and the protections granted to whistle-blowers. It is recommended that guidance notes on how to use the mechanism are attached to all contracts and made available in an accessible manner in contractors' premises and on construction sites.



*The opening ceremony of the Winter Olympic Games in Turin, 2006
Paolo Bona / Shutterstock.com*

5. To tackle the issue of stakeholders' unethical behaviour: An Integrity Pact specific to MSEs

[Integrity Pacts](#) have been used in many countries to legally bind the parties of a public contract to higher standards of transparency. Through these pacts public authorities and bidders commit to comply with anti-corruption best practice, also allowing a third-party, normally a civil society organisation, to oversee the implementation of the commitments throughout the procurement cycle. The [G20 Compendium of Good Practices for Promoting Integrity and Transparency in Infrastructure Development](#) referred to Integrity Pacts as an effective collaborative approach to mitigate the risk of corruption in infrastructure projects. The [European Commission](#) has been using Integrity Pacts as a control mechanism for safeguarding EU Funds.

Having Integrity Pacts tailored to the context of MSEs can mitigate the risks of unethical conduct, creating new routes for citizen information and participation. Sanctions can be imposed under Integrity Pacts as a way to reinforce the incentives against corruption, including [denial or loss of contract, forfeiture of the bid, liability for damages to the contracting authority and the competing bidders, and debarment of the violator](#). Our recommendation is that the commitment to sign Integrity Pacts is embedded in the bidding documentation.

4 Conclusion

Despite recent initiatives to improve monitoring and oversight of MSEs, evidence shows that corruption is a common issue across these events, costing taxpayers significant sums of money and compromising the quality and use of the infrastructure that is left in the host countries.

Our recommendations are a starting point to break the detrimental pattern of behaviour that seems to have become as cyclical as MSEs. Our suggested approach offers a combination of disclosure incentives and credible oversight, which could see concrete steps taken by host countries to fulfil the scope of anti-corruption provisions they now need to commit to in the new bids.

The purpose of our recommendations is to improve transparency, value for money and the quality of the infrastructure associated with MSEs. But beyond the limits of MSEs, the introduction of these measures during the preparatory stages of the events can have a knock-on effect in the long-term, allowing host countries to acquire new skills and test innovative designs and approaches to control corruption in the infrastructure sector. These new measures can gain momentum and be replicated in other infrastructure projects outside the context of MSEs, inducing a broader sectoral transformation to bring positive and long-lasting change outside the pitches.

FURTHER READING:

Bank, S (2019), Reforming FIFA from the Inside Out, Vanderbilt Journal of Transnational Law, Vol 52, No.2, www.cdn.vanderbilt.edu/vu-wp0/wp-content/uploads/sites/78/2019/05/25135842/5.20Bank.pdf

Institute for Human Rights and Business (2017), Corruption and Human Rights in the Sports Context, www.ihrb.org/uploads/reports/MSE_Platform%2C_Corruption_and_Human_Rights_in_the_Sports_Context%2C_Jan_2017.pdf

The United Nations Office on Drugs and Crime (2013), The United Nations Convention against Corruption: A Strategy for Safeguarding against Corruption in Major Public Events, www.unodc.org/documents/corruption/Publications/2013/13-84527_Ebook.pdf

Transparency International (2016), Global Corruption Report: Sport, www.transparency.org/whatwedo/publication/global_corruption_report_sport

For additional EAP work on corruption in the infrastructure sector:

Corruption and collusion in construction: a view from the industry www.engineersagainstpoverity.org/wp-content/uploads/2018/07/Corruption_and_collusion_in_construction.pdf

Corruption in the construction of public infrastructure www.u4.no/publications/corruption-in-the-construction-of-public-infrastructure-critical-issues-in-project-preparation-1.pdf