Mitigating Corruption Risks in the Procurement of Sporting Events

MAPPING OF PROCUREMENT STANDARDS AND RISK MANAGEMENT ACTIVITIES IN SPORTS-RELATED INFRASTRUCTURE
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Executive summary

In organising sporting events and related infrastructure, there are ever-present risks of inefficiencies, corruption and misconduct. Attempting to meet tight deadlines and manage significant resources, development projects may pressure organisations or governments to circumvent established procurement procedures, underpinning infrastructure delivery in almost all OECD countries and undermine sound risk management practices.

To help manage such risks, the International Partnership Against Corruption in Sports (IPACS) created a dedicated task force charged with mapping procurement standards specifically relating to sports. While the issue of corruption in sport has gained increasing attention over the years, too little consideration has been accorded the complex relationship between infrastructure, procurement, and risk management strategies.

In reviewing frameworks and practices related to ten major sporting events held from 2008 to 2018, and analysing 76 procurements, the task force has identified new evidence to help governments, sports federations and oversight bodies better understand these relationships. This report represents a necessary first step toward developing actionable guidelines and practical tools for detecting and mitigating corruption and collusion risks.

While the report’s findings and recommendations will not put fraud, corruption or collusion in the procurement of sports-related infrastructure to an end, they could help reinforce the resilience of sporting events against those risks by adopting a preventive risk based approach.

Key findings and recommendations

- Failure to properly record and store information on the procurement of sports-related infrastructure can result in a loss of institutional memory that undermines the development of informed risk management strategies. IPACS recommends therefore, that sports federations, governments and oversight bodies to agree on strategies aimed at centralising such data.

- 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 all stakeholders in the delivery of sports infrastructure – implementing agencies and construction suppliers, as well as other private stakeholders in the procurement cycle, such as architects and 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 applied systematically. Such strategies include early engagement with suppliers in advance of publishing tender-related information and advance publication notices of upcoming tenders. If managed strategically, these practices could also 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 incorporating both quality and price components tailored to the scale and complexity of the particular sports infrastructure.

• Because of pressure to deliver projects on time, construction contracts are prone to renegotiation which, if not transparently and effectively managed, could introduce additional fraud or corruption risks. It is recommended therefore that effective governance mechanisms be put in place to ensure that amendments to contracts benefit from strong oversight.

• Risks affecting the procurement of sporting events and related infrastructure are multi-faceted, and can evolve as construction develops. Proactively managing those risks requires a co-ordinated governance structure, and sometimes necessitates a change in management strategies.

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Introduction

Sports are one of the most popular and important social movements worldwide. Their unique potential to bring people together across all borders is particularly evident at major international sporting events, such as the recent 2018 FIFA World Cup™ in Russia. In contrast, various incidents of corruption in recent years not only have shaken confidence in international sports organisations and national governments, but also have damaged the reputation of sports as a whole.

In organising sporting events, including the delivery of related infrastructure, there are ever-present risks of inefficiencies, corruption and serious misconduct. The need to meet tight deadlines and manage the large resources required for infrastructure projects indeed expose sporting events to financial and reputational risks stemming from corrupt or fraudulent practices.

While the scale and complexity of mega sporting events such as the football World Cup or the Olympic Games exponentially increase their exposure to risks, the management strategies employed to lessen those risks should be sufficiently scalable to mitigate risks posed to small and medium-sized events. The effectiveness of these management strategies furthermore depends on whether they are capable of embracing the context in which those risks could occur.

A call by leaders at the 2016 Anti-Corruption Summit in London led to the establishment, in February 2017, of the International Partnership Against Corruption in Sport – IPACS. This multi-stakeholder platform agreed to set up three task forces, focused on three priority areas established by representatives from international sports organisations, governments, and intergovernmental organisations. The first of the task forces was mandated with producing targeted tools and actionable guidelines to reduce the risk of corruption in procurement relating to sporting events and infrastructure.

More specifically, this task force’s objective is to help implementing agencies, governments and sport organisations detect, prevent and manage the risks of corruption, fraud, and collusion throughout the entire procurement cycle. By offering options for strategically managing those risks, it will also aim at laying the foundations for safely implementing effective procurement strategies for the delivery of venues, infrastructure and services.

As a first step in the endeavour, this report offers a general mapping of procurement and risk management standards specifically relating to sporting events and the associated construction of infrastructure.

Note

1. Understanding the sources of corruption in sports-related infrastructure procurement

1.1. Links between procurement and bid rigging and corruption risks

1.1.1. Corruption in the organisation of sporting events is gaining increased attention

Sports, one of the most powerful social phenomena, generate passion and inspire certain virtues. Traditionally associated with excellence and fair play, sports teach these values worldwide to both practitioners and supporters. However, when stakeholders in this industry place their private interests above those of the public, they betray the fundamental values of sport. The various corruption scandals that have surfaced in recent years have had severe repercussions – not only on public finances, but also on the image of sport as a school of high standards of conduct.

As multi-sport events are capital-intense undertakings, their benefits are commensurate with their risks. On the one hand, they can have positive socio-economic impacts: the contribution to social cohesion; improved infrastructure for the long-term use of the local communities; the hosting city’s raised international profile; and the attraction for investors and tourists (OECD, 2018). However, to capitalise on all this potential, preparation for and management of the event must adhere to principles of transparency, integrity, accountability and shared benefits. Mismanagement can prove severely damaging to both funding and reputation.

Irregularities in sports are facilitated by that industry’s increasing expansion and professionalisation (UNODC, 2016). The industry is indeed generating rapidly growing revenues, estimated at over USD 145 billion in 2015 alone (PricewaterhouseCoopers, 2011). More money could translate into more vested interests, incentivising illicit activities of various kinds that are often international in scope. For instance, referees and players can take bribes to fix matches; club owners can demand kickbacks for player transfers; illegal betting schemes can finance organised crime; and sponsorship and advertising can serve to launder money.

With the focus on corruption in sports growing, there have been international efforts to understand its roots and how it can be tackled. Notable in this regard is the adoption of resolution 7/8 on Corruption in Sport by the Conference of States Parties to the United Nations Convention against Corruption at its seventh session, held in Vienna from 6 to 10 November 2017 (UNODC, 2017a). These efforts also include Transparency International’s 2016 Global Corruption Report dedicated entirely to sport (Transparency International, 2016). Close to 400 pages, the compendium brings together a multitude of perspectives on issues such as global sports governance and match fixing. Furthermore, over 20 States provided information to UNODC on practices aimed at strengthening integrity measures in sports (UNODC, 2017b).
However, most of these efforts have primarily focused on general sports governance and competition manipulation. Corruption risks in organising international sporting events have largely remained unaddressed. For instance, while Transparency International’s 2016 Global Corruption report contains a section on sporting events, it is dedicated to the bidding process for events as well as selected case studies of multi-sport events. No particular attention is paid to the risks posed in procuring related infrastructure on a cross-case basis.

The root causes of risks in sporting events are similar to those in other major public events, coupled with certain characteristics exclusive to the sports industry. By their very nature, sporting events require large amounts of funds, complex logistical arrangements and the co-operation of a varied group of stakeholders. All these need to be managed under very tight and mostly non-negotiable deadlines. Under such exceptional circumstances regulations and standard procedures might be relaxed, and/or monitoring, auditing and accountability mechanisms can underperform (UNODC, 2013a). Where the necessary independent oversight is lacking, public funds remain highly vulnerable to misuse. At the same time, the high political, financial and reputational stakes involved may induce undue political influence on the event’s management.

Furthermore, the combination of stakeholders and often-layered governance structure specific to sporting events poses a number of additional inherent risks. Sports bodies are often non-profit organisations operating in an increasingly market-based environment with little external oversight (OECD, 2016a). Private companies involved through sponsorship and large-scale contracts expect high financial returns and thus have a risk-taking approach. Finally, most host governments at the local and national level typically have limited experience and little capacity to organise large-scale sports competitions. Indeed, the mandate to build or renovate sports-related infrastructure is often a once-in-a-lifetime experience for implementing agencies. As an example, for the very limited number of countries that have hosted more than one Olympic Games, the time lapse between the two events was close to 50 years. The task is thus sometimes delegated to a specially created organising entity that does not fit squarely within existing public sector management structures or regulations (UNODC, 2013a).

Corruption can affect almost all stages of the value creation chain, and is linked to the integrity and legacy of sporting events – including the awarding of hosting rights, sponsorship deals, broadcasting and marketing rights, and construction contracts for sports facilities and infrastructure (Transparency International, 2016; OECD, 2016a).

1.1.2. Infrastructure procurement most prone to risks of corruption and collusion

Due to the sizeable public investments needed and the involvement of the private sector, the most conspicuous corruption risks in infrastructure relate to public procurement processes linked to the construction and/or modification of sports venues and infrastructure, as well as media, hospitality, and security contracts. While public procurement faces considerable corruption risks in general (see Figure 1.1), in the case of sporting events these risks are heightened precisely by the size of the contracts and the time constraints for concluding them. This is particularly true for infrastructure development/redevelopment, which usually represents the lion’s share of the budget of these events.
Figure 1.1. Bribery and corruption risks linked to public procurement

Source: OECD, 2014.
Infrastructure is a sector particularly prone to corruption. According to the OECD 2014 Foreign Bribery Report, half of bribes paid were in sectors with the largest spending on infrastructure, namely extraction (19%), construction (15%) and transportation (15%) (OECD, 2014). The Construction Sector Transparency Initiative (CoST) estimates that 10-30% of investment in a publicly funded construction project may be lost through mismanagement and corruption. Among the main reasons for this are the complexity of the project cycle, with multiple players and contractual links; direct control by the government, with management practices that are often poor; and a deep-seated “culture of secrecy” (Stansbury, 2005). While corrupt or fraudulent practices can occur at various stages of infrastructure development, the procurement cycle is one of the most exposed, as seen below.

Table 1.1. Corruption risks throughout the procurement cycle, by stages

<table>
<thead>
<tr>
<th>Phase</th>
<th>Corruption risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Needs assessment</td>
<td>Lack of adequate needs assessment</td>
</tr>
<tr>
<td>Planning and budgeting</td>
<td>Poor procurement planning</td>
</tr>
<tr>
<td>Development of specifications/requirements</td>
<td>Technical specifications are tailored for a specific company</td>
</tr>
<tr>
<td>Choice of procurement procedure</td>
<td>Lack of proper justification for the use of non-competitive procedures</td>
</tr>
<tr>
<td>Request for proposal/bid</td>
<td>Absence of public notice for the invitation to bid</td>
</tr>
<tr>
<td>Bid submission</td>
<td>Conflict of interest and corruption in the evaluation process through:</td>
</tr>
<tr>
<td>Bid evaluation</td>
<td>Vendors fail to disclose accurate cost or pricing data in their price proposals, resulting in an increased contract price (i.e. invoice mark-ups, channel stuffing)</td>
</tr>
<tr>
<td>Contract award</td>
<td>Conflict of interest and corruption in the approval process (i.e. no effective separation of financial, contractual and project authorities)</td>
</tr>
<tr>
<td>Contract management/ performance</td>
<td>Abuses of the supplier in performing the contract, in particular in relation to the work's quality, price and timing:</td>
</tr>
<tr>
<td>Order and payment</td>
<td>Deficient separation of financial duties and/or lack of supervision of public officials, leading to:</td>
</tr>
</tbody>
</table>

Source: OECD, 2016b.
While corruption in the public procurement of infrastructure projects can have many facets, its most common form is bribery. This usually means that the main contractor pays a bribe to a government official (often as a percentage of the contract price) to obtain a contract. Bribery can occur at any stage of the procurement cycle. Most often the bidder overstates the price of the proposal to then pay a so-called kickback to the third party who facilitated winning the bid. The most advanced preventive and enforcement measures promoted by the procurement reform agenda of international organisations address bribery (OECD, 2016c). Yet the methods for paying bribes are becoming increasingly sophisticated, and thus difficult to detect and sanction. Three out of four foreign bribery cases involve intermediaries, such as local subcontractors, consultants, agents and corporate vehicles (e.g. subsidiary companies, local consulting firms, offshore companies in tax havens) (OECD, 2014).

Bid rigging occurs when businesses that would otherwise be expected to compete instead agree to manipulate the bidding process, by raising prices or lowering the quality of goods, works or services offered in public tenders (OECD, 2012). Collusion and corruption are distinct problems in procurement, yet they frequently occur together and are mutually reinforcing, as bribes are often paid to public officials (OECD, 2016d).

A further risk of misconduct is fraud, which usually occurs through irregular documentary practices. One such practice is to falsify supporting evidence linked to qualification requirements, such as commercial registration or financial capacity. Fraud can also mask poor performance and corrupt practices, such as billing for works never performed, inflated billing for goods and services, and failing to meet contract specifications. When performed by project officials, it includes diverting project assets and setting up front companies to create the illusion of competition (World Bank, 2006).

To identify, assess and mitigate these risks in procurement processes, organisers of large sporting events need to develop clear public procurement strategies and plans into which tailor-made risk management systems are embedded. These could complement the host of policy options available to implement broader integrity policies in public administrations (OECD, 2016e). As a means of prevention, systems can be developed to furnish red flags and early warnings of integrity risks. Existing procurement processes need to be adapted to the circumstances surrounding the organisation of major sporting events. The new strategies should be objective and made transparent through the use of interactive platforms, open contracting and tailored communication strategies. The major challenge, however, remains establishing prevention and internal control mechanisms without sacrificing project efficiency.
1.2. Building a sample of projects to better understand how risks develop throughout the construction of infrastructure

1.2.1. A necessarily wide sample involving varied infrastructure and different country contexts

As a first step, Task Force 1 aims to address knowledge gaps to help overcome risks associated with the relationship between corruption in sports, infrastructure, and procurement; its method is to look for corruption-linked patterns and practices in different large-scale sporting events. Identifying and analysing a representative sample of sports-related infrastructure can reveal corruption pitfalls and challenges associated with its development.

Proceeding on that basis, Task Force 1 identified ten sporting events (see Figure 1.2) using criteria relating to type of infrastructure, geographical balance and event size. The initial mapping of critical information involved analysing individual projects where sufficient information could be found online.

Figure 1.2. Sample of sporting events

On the basis of those ten sporting events, individual direct (stadiums, sports centres, etc.) and indirect (roads, bridges, etc.) sports-related infrastructures have been identified, as shown in Table 1.2.
Table 1.2. Events and individual infrastructure reviewed

<table>
<thead>
<tr>
<th>Event</th>
<th>Individual infrastructure reviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winter Olympics, Sochi, Russia, 2014</td>
<td>Security support facilities&lt;br&gt;Sewage treatment facilities in the Adler Region&lt;br&gt;Municipal roads of the City of Sochi, Adler region</td>
</tr>
<tr>
<td>Asian Games, Guangzhou, China, 2010</td>
<td>Asian Games Village&lt;br&gt;Guangzhou cycling &amp; skating and maximal exercise centre&lt;br&gt;Guangdong Olympic natatorium&lt;br&gt;Guangdong Olympic tennis centre</td>
</tr>
<tr>
<td>Winter Olympics, Vancouver, Canada, 2010</td>
<td>Nordic competition venue – Site drilling program&lt;br&gt;Whistler sliding centre</td>
</tr>
<tr>
<td>Olympic and Paralympic Games – Rio de Janeiro, Brazil, 2016</td>
<td>Tennis Olympic centre&lt;br&gt;Handball Olympic centre / future arena&lt;br&gt;Olympic aquatic sports centre&lt;br&gt;Olympic velodrome&lt;br&gt;Olympic Sports Centre of Deodoro, South: Equestrian centre&lt;br&gt;Olympic Sports Centre of Deodoro, North: Youth arena, stadium, aquatic centre, hockey centre, shooting park, Radical BMX park&lt;br&gt;Olympic Stadium &quot;João Havelange&quot; – improvement works&lt;br&gt;Olympic Park of Barra ( Arenas 1, 2 and 3; main press centre, press hotel, Olympic and Paralympic village)&lt;br&gt;Sambadrome improvement works</td>
</tr>
<tr>
<td>Youth Olympics, Buenos Aires, Argentina, 2018</td>
<td>Olympic park (9 lots)&lt;br&gt;Olympic village (19 lots)&lt;br&gt;Road network and drainage system</td>
</tr>
<tr>
<td>Olympic and Paralympic Games London, United Kingdom, 2012</td>
<td>Delivery partner for consultancy services for managing the delivery, planning, design, construction, commissioning, maintenance, conversion to legacy mode and cost management&lt;br&gt;Velodrome for all track cycling activities&lt;br&gt;Aquatics Centre&lt;br&gt;Olympic stadium&lt;br&gt;Structures, bridges and highways</td>
</tr>
<tr>
<td>Central American and Caribbean Games, Veracruz, Mexico, 2014</td>
<td>Integral project for sport infrastructure, competition venues, and complementary works&lt;br&gt;Central American Village&lt;br&gt;Xalapa velodrome&lt;br&gt;Xalapa velodrome – exterior complementary works</td>
</tr>
<tr>
<td>FIFA World Cup™, South Africa, 2010</td>
<td>Cape Town Stadium</td>
</tr>
<tr>
<td>XIX Commonwealth Games, New Delhi, India, 2010</td>
<td>Jawaharlal Nehru Stadium – roofing&lt;br&gt;Laying of IAAF-approved synthetic athletic track surface in various stadiums&lt;br&gt;Providing &amp; Laying Flat Lawn greens over compatible sub-base in stadiums&lt;br&gt;Construction of new weightlifting stadium with two-tier underground parking&lt;br&gt;Diesel Generator (DG) sets installation (5 lots)&lt;br&gt;Construction of synthetic hockey surface (3 lots)&lt;br&gt;Upgrade and renovation of Dr. S.P. Mukherjee Swimming Pool Complex&lt;br&gt;Upgrade and renovation of Dr. Kami Singh Shooting Range&lt;br&gt;Indoor cycling velodrome&lt;br&gt;Elevated road over Barapullah Nullah</td>
</tr>
<tr>
<td>The X World Games, Wroclaw, Poland, 2017</td>
<td>Renovation of the historic Olympic stadium&lt;br&gt;Modernisation and rebuilding of the swimming pool</td>
</tr>
</tbody>
</table>

*Source:* University of Nottingham and OECD, 2018.
This sample enabled the identification of 76 individual procurement processes for the construction of sports-related infrastructure, which were then analysed. While this analysis provides for a representative mapping of procurement and risks management frameworks, publicly available data are limited, especially in the pre-tendering and post-tendering phases, as well as regarding the risk management approaches taken.

1.2.2. The problem of institutional memory loss

To complement the mapping exercise, a questionnaire was disseminated to different stakeholders involved in the events covered by the sample. The questionnaire was devised to allow in-depth assessment of the procurement strategies and risk management frameworks used in the development of those projects. Additional questions related to the implementing agencies’ capabilities to conduct projects of this scale and complexity, and how these capabilities were integrated within the broader structure of the sporting events.

The questionnaire was circulated through a wide array of channels, from implementing institutions still in existence to national procurement agencies, sports federations and audit bodies. Yet aside from the 2018 Youth Olympics in Buenos Aires, contact points were unable to track down the requested information. Paradoxically, this additional exercise instead shed light on one overarching impediment to effective mitigation of corruption and collusion risks: the loss of institutional memory. Such losses are a significant obstacle to learning lessons from previous experiences with the view to improving the transparency and integrity of sports events.

Addressing this central issue of institutional memory loss would require international sports federations, governments and oversight bodies to agree on strategies aimed at centralising information pertaining to the development of sports-related infrastructure. The challenge is that different stakeholders have different interests in collecting and storing such information depending on their role in the infrastructure’s development. For example, international sports federations are not directly involved in the procurement of sports-related infrastructure. Yet, they bear associated reputational risks in case of fraud, collusion or corruption evidenced during construction. Therefore, creating a central repository of major trends and patterns evidenced in the course of infrastructure procurement relating to the sporting events they are promoting could serve as a risk mitigation strategy for these federations. The checklist questions presented in Section 7 could serve as a basis for centralising critical procurement information, which could then be used by implementing agencies as a benchmark for future procurement of sports-related infrastructure.

Note

1. Other risks include financial mismanagement and waste of public funds; human rights abuses; workplace exploitation; population displacement; land issues related to venue and restructure construction; and questionable legacy benefits.
2. Understanding the exposure to risks of corruption and bid rigging in the procurement of sports infrastructure

2.1. The importance of governance and procurement frameworks for efficiency, transparency and accountability

2.1.1. Weaknesses in the governance framework equals an opportunity for misconduct

Organisation of large-scale sporting events often requires setting up either new structures or new procedures, since most hosting local and national governments do not have prior experience in organising such events. To do so, they either assign this task to existing bodies or create new, dedicated implementing agencies. In fact, even when granting existing institutions procurement responsibilities for sports-related infrastructures, a new dedicated unit can be created within such institutions, as was the case with the 2018 Youth Olympic Games in Buenos Aires.

Both options carry risks. On the one hand, newly created agencies often do not fit squarely within existing public sector management structures or regulations (UNODC, 2013a). Furthermore, the division of tasks and responsibilities between existing public entities and private sector partners could lack clarity. On the other hand, existing institutions may prove incapable of dealing with these exceptionally complex and layered procurement projects.

As shown in Table 2.1, of the ten events analysed, only three had separate ad hoc implementing agencies: the Winter Olympics in Sochi, the Winter Olympics in Vancouver, and the Summer Olympics in London. Analysing all individual procurement procedures, it appears that in 85% of the cases the implementing agencies were institutionalised bodies, with governments delegating organising responsibilities either to existing local or central level government units, or to some sort of existing state-owned enterprises.
Table 2.1. Implementing agencies in charge of procurement of analysed infrastructure

<table>
<thead>
<tr>
<th>Sporting event</th>
<th>Implementing agency</th>
<th>Type of body</th>
<th>Ad hoc / institutionalised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winter Olympics, Sochi, Russia, 2014</td>
<td>State Corporation for the Construction of Olympic Venues and the Development of the City of Sochi (OlimpStroy)</td>
<td>State corporation</td>
<td>Ad hoc</td>
</tr>
<tr>
<td>Asian Games, Guangzhou, China, 2010</td>
<td>Guangzhou Administration Office of Major Public Construction Projects (now merged into Guangzhou Municipal Bureau of Agent Construction Projects)</td>
<td>Public institution directly under Guangzhou Municipal Government</td>
<td>Institutionalised body</td>
</tr>
<tr>
<td>Winter Olympics, Vancouver, Canada, 2010</td>
<td>Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games</td>
<td>Non-profit Organisation</td>
<td>Ad hoc</td>
</tr>
<tr>
<td></td>
<td>Municipality of Rio de Janeiro</td>
<td>Local authority</td>
<td>Institutionalised body</td>
</tr>
<tr>
<td></td>
<td>Municipality of Rio de Janeiro through the Special Secretary of Concessions and Public-Private Partnerships – SECPAR</td>
<td>Local authority</td>
<td>Institutionalised body</td>
</tr>
<tr>
<td>Youth Olympics, Buenos Aires, Argentina, 2018</td>
<td>Government of the City of Buenos Aires</td>
<td>Local authority</td>
<td>Institutionalised body</td>
</tr>
<tr>
<td>Olympic and Paralympic Games, London, United Kingdom, 2012</td>
<td>Olympic Delivery Authority</td>
<td>Statutory corporation</td>
<td>Ad hoc</td>
</tr>
<tr>
<td>Central American and Caribbean Games, Veracruz, Mexico, 2014</td>
<td>Ministry of Infrastructure and Public Works, General Directorate of Public Works, Government of the State of Veracruz de Ignacio de la Llave</td>
<td>State government unit</td>
<td>Institutionalised body</td>
</tr>
<tr>
<td></td>
<td>State of Veracruz de Ignacio de la Llave</td>
<td>State government unit</td>
<td>Institutionalised body</td>
</tr>
<tr>
<td>FIFA World Cup™, South Africa, 2010</td>
<td>City of Cape Town</td>
<td>Local authority</td>
<td>Institutionalised body</td>
</tr>
<tr>
<td>XIX Commonwealth Games, New Delhi, India, 2010</td>
<td>Central Public Works Department (CPWD)</td>
<td>Government</td>
<td>Institutionalised body</td>
</tr>
<tr>
<td></td>
<td>Government of National Capital Territory of India (GNCTD)</td>
<td>Government</td>
<td>Institutionalised body</td>
</tr>
<tr>
<td></td>
<td>Delhi Development Authority (DDA)</td>
<td>Government</td>
<td>Institutionalised body</td>
</tr>
<tr>
<td></td>
<td>New Delhi Municipal Council</td>
<td>Government</td>
<td>Institutionalised body</td>
</tr>
<tr>
<td>X World Games, Wroclaw, Poland, 2017</td>
<td>Wroclawskie Inwestycje Sp. z o.o.</td>
<td>Municipal company</td>
<td>Institutionalised body</td>
</tr>
</tbody>
</table>

Source: University of Nottingham and OECD, 2018.

According to the UNODC, whether it involves creating a new entity or adapting an existing body, one critical factor is to ensure that a single authority is made solely responsible for a major event (UNODC, 2013a). The governance arrangements in all ten sporting events identified in the sample clearly suggest that this had not been the case for most of them. In fact, six out of the ten events included more than one implementing agency for the procurement of sports-related infrastructure. In the case of the 2010 FIFA World Cup™ in South Africa, twelve different implementing agencies contributed to the necessary procurement. In India, for the Commonwealth Games, more than eight distinct agencies were involved.

The three cases of ad hoc implementing agencies well illustrate the potential benefits and risks such a solution carries. On one hand, it can lead to coherence and transparency – as in the case of Canada, where the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games (VANOC) took care of all stages of organising the Games.
In London, functions were clearly divided between two temporary entities: the Olympic Delivery Authority in charge of procuring the infrastructure and venues; and the London Organising Committee of the Olympic and Paralympic Games (LOCOG) in charge of overseeing the planning, development, hosting and staging of the Games, procurement of supplies and services for finalisation works, and installation of various spectator facilities.

In contrast, the Sochi Winter Olympics highlighted how setting up designated implementing agencies could lead to different procurement frameworks being applied and their impact on accountability and transparency. The main implementing agency was the State Corporation for the Construction of Olympic Venues and the Development of the City of Sochi (OlympStroy), set up specifically to organise the Olympics through adoption of the law in October 2007. The agency took the form of a state corporation. However, the construction of the main Olympic village was entrusted to a company with limited liability (RogSibAl), to which public procurement rules did not apply. Indeed, law FZ-94 from 2005 regulating the Russian public procurement system at the time construction work began only applied to the procurement of goods, services and works to meet the needs of state or municipal entities (State Duma, 2005).

At the same time, ad hoc implementing agencies are not without potential risks, due to their temporary nature. Once the sporting event has been held (and following a certain period), the implementing agency is wound up. This sometimes has led to reduced accountability. For example, in Sochi a number of cases in the Court of Arbitration (Moscow Arbitration Court, 2013) were brought both by and against OlympStroy. However, once the state corporation had been liquidated, its suppliers were deprived of the possibility of receiving claimed amounts. A number of them went bankrupt, such as Tunnel Construction Department N44, Scientific Development and Production Centre Mostovik, Kubandroblagoustroystvo and Tunneldorstroy.

2.1.2. Most procurements were carried out according to standardised legislative frameworks, yet these were not always respected

The legal landscape of large-scale sporting events is as diverse as the countries in which they are organised. Naturally, not all host governments have the same types of laws, procedures or enforcement mechanisms in place. Even where regulations are compliant with international standards, under the pressure of tight deadlines and public expectations, regulations and standard procedures might be relaxed, with monitoring, auditing and accountability mechanisms underperforming. This leaves the event highly vulnerable to the risk of misuse of funds and inadequate quality of infrastructure.

Generally, there are two regulatory categories for procurement related to sporting events:

1. application of the relevant local/national/intergovernmental legislation
2. creation of additional specific frameworks applicable solely to the event.

Most procurement reviewed as part of this exercise falls in the first category, and was carried out in accordance with standardised legislative frameworks. This was the case for the London Olympics; the Olympic Delivery Authority was subject to the national legal framework governing public procurement, which derived from EU Treaty and EU secondary legislation in the form of directives. The legislation in force at the time of procurement for the projects under consideration was the 2004 Public Procurement Directive 2004/18/EC, which was transposed to UK domestic legislation by the Public Contracts Regulations 2006 – Statutory Instrument 2006 no 5.
In Mexico the national legal framework, the Act of Public Works and Related Services (Ley de Obras Públicas y Servicios Relacionados con las Mismas, LOPSRM) was applicable to procurements for the Central American and Caribbean Games. The Commonwealth Games held in New Delhi in India in 2010 also fall in the first category, and the normative environment for the procurement of sports-related infrastructure reflected the decentralised nature of the Indian procurement system. There is no national-level procurement legislation; comprehensive rules and directives are instead contained in the General Financial Rules 1963 (amended in 2005 and 2017, with the 2005 version applicable to the Delhi Games 2010) and Delegation of Financial Powers Rules 1978. As such, each state has its own rules, guidelines or legislation on procurement. State governments and Central Public Sector Units have their own general financial rules, which are based on the broad principles outlined in the General Financial Rules. Procurement is also subject to relevant internal guidance documents, such as the Central Public Works Department’s Works Manual for projects it implements. The manual apparently governed most of the procurements that are included in this analysis.

All these standardised normative environments provide for transparency and accountability requirements similar to those for other public works carried out by governments. However, they run the risk of not being adapted to the scale and complexity of these projects. Indeed, in the case of Mexico for example, the applicable legislation for public works has often been found to constrain projects of such scale and magnitude (OECD, 2015a).

Furthermore, increased pressure and commitments to deliver the infrastructures on time for the events sometimes led to uneven application of rules and procedures. In the case of the Central American and Caribbean Games held in Mexico in 2014, provisions of LOPSRM were not always fully respected and there is no evidence that procurement rules were applied in the case of the Central American Village, the most controversial of the event’s infrastructure projects. Similarly in India, the government has been criticised by the High Level Committee Commonwealth Games 2010’s Fourth Report on Games Venues for not complying fully with the Works Manual (High Level Committee for Commonwealth Games, 2011). The argument put forward by the government for such actions was the urgency and the limited time available.

As to the second category identified, that of creating additional regulatory frameworks applicable specifically to the event, the Vancouver, Sochi and Rio de Janeiro Olympic Games had special procurement frameworks created in addition to the existing ones. While this approach may have introduced some flexibility in procuring these large-scale projects, it can also lead to a complex and fragmented legislative framework. The Winter Olympics in Sochi illustrates the point. The general national legislation on public procurement did not apply, since OlympStroy was a state corporation governed by Law 223-FZ. Instead of specifying procurement methods to be used, the law provided a more flexible approach listing only main principles – transparency, right of equal participation, justice, non-discrimination and value for money. It left to the contracting entity the choice of specific procurement procedure to use. OlympStroy itself adopted several documents governing procurement, such as the General Rules on the Selection of Investors, Contractors with the Aim of the Construction of Olympic Venues. However, beyond OlympStroy, there were several other procurement entities involved for which a different framework applied. For instance, the main gas/electricity works and services were entrusted to state-owned enterprises, such as Gazprom, Russian Railway Roads and the Federal Transport Agency, to which regular procurement procedures applied. Moreover, the construction of the main Olympic village was entrusted to a private company with limited liability named "RogSibAl", to which the national public procurement legislation did not apply. Besides
hindering the clarity and stability of the legal environment, such a fragmented framework can easily create opportunities to exploit regulatory and legal loopholes.

Sometimes, even in cases where an ad hoc normative environment has been created for a sporting event, the standard legal framework is nevertheless applied to procurement of the required infrastructure. Indeed, in Brazil dedicated procurement policies were created but not applied. To address the alleged unsuitability of the standard procurement framework – Federal Law no. 8666/93 – Law no. 12462/2011 established the “Differentiated Contracting Regime” (Regime Diferenciado de Contratação, RDC). This was conceived as a specific legal regime for the procurement of certain infrastructures for the World Cup 2014 and the 2016 Games. The RDC includes new efficiency, innovation, economy and sustainable development principles applicable to public procurement, and stresses the need for cost-benefit analysis, including for social and environmental considerations. It also determines the use of e-procurement, delimits the different stages of procurement, and introduces the possibility of not disclosing the budget prior to bid presentation, in order to stimulate transparency and prevent forms of bid rigging. However, this regime was optional, and not chosen by the implementing authorities to regulate any of the public procurement tenders analysed in its 2016 Olympic and Paralympic Games.

2.2. Commitments to develop projects on time put increased pressure on the whole procurement cycle of sports-related infrastructure and often result in budget overruns

The stakes involved in organising a sports mega-event can be very high due to the exceptional level of international publicity. Any failure to succeed would carry significant reputational, economic and political consequences – for host governments, implementing agencies and sponsors alike, including international sports federations. As such, the prioritisation of infrastructural development incurs a number of risks, such as overriding fiscal discipline (in particular), violation of integrity codes and the undermining of legal compliance. Cost overruns are thus very common at such events, although delays can occur nonetheless.

In the world of sporting events, better understanding the potential for cost escalation could build on one specific element of international sports competition, at least for the Olympic Games. Indeed, to demonstrate their ability to host Olympic Games, bidding cities are required to develop detailed plans known as bid books, that are submitted as part of the bidding process. One of the requirements is for the bid book to include a budget that details the financial support to be offered in case the bid is successful. Bids thus contain the estimated costs of the different elements proposed to host the Games, including sports-related infrastructure.

A comparative study of all Olympics Games held between 1960 and 2016 showed that the actual cost of hosting was on average 156% more than was estimated in the bid books. (The figure does not include indirect sports-related infrastructure costs, such as bridges, roads or airports). This study further shows that cost increase is an inherent situation in hosting the most viewed sports competition in the world (Flyvbjerg, Stewart and Budzier, 2016).

Of the ten events analysed in this report, only the Vancouver and London Olympics had no time or cost overruns. The CEO of VANOC has reported that the expenses and the income were roughly the same: CAD 1.9 billion (CBC, 2014).1

The London Olympics organisers scored similarly well on both budget and time requirements. While the Games had been estimated to cost considerably more than the
amount indicated when bidding (an upward revision of around 100% in 2007), the budget was adjusted accordingly before most of the work began, and thereafter the work came in under budget. It is reported in the LOCOG report (LOCOG, 2012) and in accounts for the period ended 30 September 2012 that the company had successfully reached its target of more than GBP 2.4 billion income to cover the cost of its core scope, while the final cost of the Olympic Delivery Authority (ODA) programme at the time of handover came in slightly under the budget set in 2007. The infrastructure programme was also completed in a timely manner. Moreover, several infrastructure works were finished a few months ahead of time. Such was the case of the Velodrome for all track cycling activities (finished in February 2011) and the Olympic Stadium (finished in March). Both were expected to be finished in the summer of the same year.

By contrast, media reported a significant budget overrun at the Guangzhou Asian Games, although there was in fact no accurate budget published for the event. Some estimate the budget at USD 29 billion, but there are no official data as evidence.

There were also significant cost overruns with some of the infrastructure for the Rio Olympics. For example, the costs for the Olympic village in Rio exceeded the original bid estimate at least fivefold. In the case of the Tennis Olympic centre, the final cost of the infrastructure (USD 55.3 million) was approximately 167% of the cost estimated in the bid to host the event (USD 33 million). Interestingly, the estimated price for this procurement at the start of the procurement process (USD 48.8 million) was already approximately 147% higher than the original estimate in the bid to host the event. However, The Oxford Olympics Study 2016 (Flyvbjerg, Stewart and Budzier, 2016) found that the overall cost overruns of the Rio Olympics were no higher than the median for other Games since 1999. Yet those authors do not assess the specific role of sports-related infrastructure in global budget overruns for these events. Beyond overly optimistic assumptions regarding the final cost of the event – incentivised by chances to win the hosting competition – cost escalation might also be down to infrastructure development simply exceeding, sometimes by far, original estimates. Infrastructure cost escalation is not unique to sports. A number of different studies of budget overruns in different types of infrastructure projects show that such escalation is the rule rather than the exception (Flyvbjerg, B., M. Holm and S. Buhl., 2003). In fact, statistical research (Flyvbjerg, B., M. Holm and S. Buhl, 2003) shows that among 258 individual large infrastructure projects relating to transport in 20 different countries around the world, 90% faced costs escalation with a mean difference amounting to 27.6% overrun.

In the case of the Youth Olympics in Buenos Aires, the officially available amount of the tender was usually lower or only slightly higher than the estimated price at the start of the procurements. However, press sources indicate significant overruns, for instance in the case of the roof of the Roca Park Stadium (La Nacion, 2017). Instead of the officially reported USD 4.8 million tender price press reports an amount 41% higher (USD 6.8 million). Moreover, there was an enormous time overrun of four years and four months. According to an audit report, this was because the procurement was organised in a hurry and without proper project planning. The firm initially contracted was not qualified to build the roof, and thus additional procurements were needed.

While some sporting events saw major overruns in a small number of infrastructure elements, for the 2010 Commonwealth Games in New Delhi the overruns were systemic. Indeed, all the fifteen infrastructure procurements analysed had at least a one-year time overrun and nine of them a cost overrun (see the below Table).
Table 2.2. Cost variations in infrastructure procurement at the 2010 Commonwealth Games in New Delhi

<table>
<thead>
<tr>
<th>Infrastructure procurement</th>
<th>Estimated price at the start of the procurement process (USD)</th>
<th>Amount of the tender for the procurement (USD)</th>
<th>Cost variations (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roofing: Jawaharlal Nehru Stadium</td>
<td>42 084 168</td>
<td>54 570 680</td>
<td>130%</td>
</tr>
<tr>
<td>Laying of IAAF-approved synthetic athletic track surface in various stadiums</td>
<td>5 922 814</td>
<td>9 307 846</td>
<td>157%</td>
</tr>
<tr>
<td>Providing &amp; laying flat lawn greens over compatible substrata in stadiums</td>
<td>924 927</td>
<td>1 743 487</td>
<td>188%</td>
</tr>
<tr>
<td>Construction of new weightlifting stadium with two-tier underground parking</td>
<td>8 478 495</td>
<td>10 089 410</td>
<td>119%</td>
</tr>
<tr>
<td>Diesel generator (DG) sets installation: Jawaharlal Nehru Stadium</td>
<td>1 974 106</td>
<td>1 925 403</td>
<td>98%</td>
</tr>
<tr>
<td>DG sets installation: Major Dhyan Chand National Stadium</td>
<td>973 537</td>
<td>787 899</td>
<td>61%</td>
</tr>
<tr>
<td>DG sets installation: Dr. S.P. Mukherjee Swimming Pool Complex</td>
<td>836 696</td>
<td>677 333</td>
<td>81%</td>
</tr>
<tr>
<td>DG sets installation: Indira Gandhi Stadium Complex</td>
<td>1 520 947</td>
<td>1 461 122</td>
<td>96%</td>
</tr>
<tr>
<td>DG sets installation: Dr. Karni Singh Shooting Range</td>
<td>444 649</td>
<td>420 202</td>
<td>95%</td>
</tr>
<tr>
<td>Construction of synthetic hockey surface: Major Dhyan Chand Stadium</td>
<td>2 311 679</td>
<td>2 751 437</td>
<td>119%</td>
</tr>
<tr>
<td>Construction of synthetic hockey surface: Shivaji Stadium</td>
<td>1 077 971</td>
<td>910 121</td>
<td>84%</td>
</tr>
<tr>
<td>Construction, provision and laying of synthetic hockey surface: Yamuna Sports Complex</td>
<td>759 699</td>
<td>1 309 456</td>
<td>172%</td>
</tr>
<tr>
<td>Upgrade and renovation: Dr. S.P. Mukherjee Swimming Pool Complex</td>
<td>27 115 770</td>
<td>35 412 363</td>
<td>131%</td>
</tr>
<tr>
<td>Upgrade and renovation of Dr. Karni Singh Shooting Range</td>
<td>8 759 057</td>
<td>10 907 493</td>
<td>125%</td>
</tr>
<tr>
<td>Indoor cycling velodrome</td>
<td>2 381 686</td>
<td>2 689 995</td>
<td>113%</td>
</tr>
</tbody>
</table>

Source: University of Nottingham and OECD, 2018.

The overall budget as of October 2010 was estimated to be USD 2.9 billion, (INR 185 million), 15 times that foreseen in the original bid to host the event. According to reports prepared after the event, especially those of the High Level Committee and the Comptroller and Auditor General of India (High Level Committee for Commonwealth Games, 2011), the final cost of the event was in fact higher than the figure from October 2010.
Notes

1. Although no plans or programmes were found, and so deadlines for the intended completion of the procurement are unclear. Still, no report was found of time overrun.

2. The only procurement failure identified concerned services, not infrastructure. The service provider was unable to furnish the contracted numbers of staff, and so the armed forces and police were required to step in at the last minute.

3. Different procurement stages, different opportunities for corruption and bid rigging

To help understand how corruption and collusion risks can impact on the procurement cycle of sports-related infrastructure, a review was conducted of media sources in conjunction with an analysis of the findings of official audit reports related to procurement in major sporting events. The results showed how fraud and corruption could occur at any stage of the procurement cycle and involve a variety of stakeholders (see Table 3.1).

Table 3.1. Corruption allegations in the events analysed

<table>
<thead>
<tr>
<th>Sporting event</th>
<th>Type of allegation</th>
<th>Stage of the project cycle</th>
<th>Actors involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winter Olympics, Sochi, Russia, 2014</td>
<td>There were allegations of embezzlement, fraud and corruption in respect to most projects.¹</td>
<td>All stages</td>
<td>Implementing agency, local public authorities, contractors</td>
</tr>
<tr>
<td>Asian Games, Guangzhou, China, 2010²</td>
<td>The audit report by the Guangzhou Municipal Fiscal Bureau³ identified 448 problems associated with procurement and tendering, including illegal contracting out and subcontracting; failure to use open tendering in procuring design services for two venues; the lack of feasibility analysis; compromised checking and acceptance of work; covering pre-tendering, tendering and post-tendering stages. From the beginning of 2009 to the end of 2010, 16 corruption cases involving around CNY 5 million were investigated and settled. Cases concerned procurement related to public works as well as goods and services.⁴</td>
<td>All stages</td>
<td>Implementing agency, first-tier contractors, supervision authority</td>
</tr>
<tr>
<td>Olympic and Paralympic Games, Rio de Janeiro, Brazil, 2016³</td>
<td>There is an ongoing investigation of corruption in the procurement of all infrastructure for the Olympics based on testimonies and evidence from “Operation Car Wash”. For instance, in the procurement of the Northern part of the Olympic Sports Centre of Deodoro, there is suspicion of the contractor OAS and Queiroz Galvão forming a cartel in order to raise bid prices. Four OAS executives were arrested.⁵ The former mayor of Rio is accused by a former executive at one company (in documents relating to a plea bargain) of having taken significant sums for facilitating contracts related to the Games.⁶ There have also been fraud allegations relating to a subway for which costs increased tenfold.</td>
<td>Tender</td>
<td>Five first-tier contractors (OAS, Queiroz Galvão, Mendes Junior and Camargo Correa)</td>
</tr>
<tr>
<td>Youth Olympics, Buenos Aires, Argentina, 2018</td>
<td>According to an audit report, procurement of the roof of the Roca Park stadium was done without adequate planning. The contractor did not have adequate experience to build the roof. This led to the need for additional procurements and significant cost and time overruns, which easily led to speculation of corruption.⁸</td>
<td>Pre-tender, tender</td>
<td>Implementing contractor</td>
</tr>
<tr>
<td>Olympic and Paralympic Games, London, United Kingdom, 2012</td>
<td>There were accusations regarding the original financing plan for the Olympic village by a company headed by the person then CEO of the Olympic Delivery Authority. Serious incident involving payment to a fraudster posing as a supplier. There were allegations in the media of irregularities in the use of around USD 40 000 000, including payments to companies not awarded contracts. Construction of the Central American Games, Veracruz, Mexico, 2014</td>
<td>Pre-tender and post-award</td>
<td>Implementing fraudster</td>
</tr>
<tr>
<td>Central American and Caribbean Games, Veracruz, Mexico, 2014</td>
<td>All stages.</td>
<td>Implementing contractors</td>
<td>agency,</td>
</tr>
</tbody>
</table>
The South African Competition Authorities investigated a number of construction companies and sanctioned them for collusion in tendering. The Fourth Report of the High Level Committee for Commonwealth Games, 2011 revealed evidence of favouritism and possible connivance in the contractor selection processes for many sports venue projects that ranged from manipulating the prequalification procedures to restrict competition to awarding contracts to completely ineligible contractors. The country’s Central Vigilance Commission and the Central Bureau of Investigation was working on a total of 51 cases of alleged corruption, and estimate that more than GBP 1 billion has been swindled from the Games’ budget.

Notes: The following links are to media sources cited in the above table.
7. The investigation has been widely reported in many media, e.g. www.theguardian.com/sport/2017/apr/23/brazil-olympic-world-cup-corruption-bribery.
Sources: (University of Nottingham and OECD, 2018); (Auditoria Superior de la Federacion, 2014); (High Level Committee for Commonwealth Games, 2011) and; (The Competition Commission of South Africa, 2014).

3.1. The pre-tendering phase: Opening the door for later corruption

The first stages of the procurement cycle – project design, budget estimates and assessment of market capabilities – are of key importance, as shortcomings in these early phases may set the stage for wrongdoing later on in the delivery cycle.

On the basis of evidence gathered in the mapping exercise, the 76 individual procurement processes reviewed in this study suggest that project preparation tends to be overlooked in the infrastructure procurement of sporting mega-events. Figure 3.1 highlights the percentage of pre-tendering activities across selected procurements using information available on line.
As Figure 3.1 shows, very few procurements publicly demonstrated having incorporated measures to ensure the adequacy between project design, delivery method and implementation. For instance, only half of the projects had a feasibility study and one-fifth an impact assessment. Only two of the analysed procurements were found to have conducted a cost/benefit analysis of the delivery method (Build, Design-Bid-Build, Build-Design-Operate and/or Build-Operate). None of them reported a market analysis. Although some pre-tendering activities might have been carried out without being publicly disclosed, others – such as social communication or advance publication of tender opportunities – should have involved public disclosure of pertinent information. Therefore, their limited application throughout the study sample suggests that such pre-tendering activities were not systematically considered.

A major source of risks for the public sector and suppliers, the choice of delivery method is a component that shapes interactions among the different stakeholders involved in the infrastructure’s development. Table 3.2 summarises responsibilities and allocation of risks according to different delivery modes.
Table 3.2. Different types of infrastructure delivery models

<table>
<thead>
<tr>
<th>Model</th>
<th>Responsibilities and risks</th>
</tr>
</thead>
</table>
| Design–Bid–Build                          | • Contracting authority has completed the majority of design work (sometimes with the assistance of specialised consultants).  
• Government engages contractor to build, based on the supplied design.  
• Risks associated with design flaws, changing requirements and adverse site conditions are typically borne by the contracting authority. |
| Design–Build                              | • Contracting authority only provides a project brief in the tender documentation, sometimes with only performance-based requirements.  
• Contractor engages design consultants.  
• Contractors bid with their developed design and lump-sum construction price.  
• Risks associated with errors or omissions in final design and latent conditions are typically borne by contractors and design consultants.  
• Costs of directed variation(s) typically borne by the contracting authority. |
| Construction management or general contractor | • Contractor takes on a significant project management role, that includes:  
  o obtaining development approvals  
  o undertaking onsite investigations  
  o finalisation of design  
  o developing a construction, commissioning and maintenance programme.  
• Contractor assumes the risk for construction performance as the equivalent of a general contractor holding all subcontracts during the construction phase.  
• Contractor is given incentives to manage project costs by sharing cost savings. |
| Alliance contracting                       | • Contracting authority and other alliance partners jointly develop design and share risks.  
• Other alliance partners may include designers, consultants, management service providers, suppliers, and construction contractors.  
• Often considered to be of greatest value where the contracting authority has had limited experience with the risks that the project entails. |
| Public-private partnership and concessions  | • Contract between the public and private sector, which can be based on a number of different partnership models.  
• Private sector delivers infrastructure and services over the long term.  
• There is some level of private financing for the project.  
• Project may be funded by government, user payments, or a combination of the two. |

Source: Adapted from (Productivity Commission, 2014).

The Design-Build approach assigns all activities to one contractor. In terms of liability it offers more certainty to the contracting authority, since risks associated with design flaws are typically borne by the contractor. However, it also carries risks linked to reduced control by the contracting authority on the different phases of the project, and reduced visibility of the overall value for money of the project, since design decisions made by the contractor will directly affect the ensuing construction costs (Construction Management Association of America, 2012).

The Design-Bid-Build model can offer several advantages, such as diversifying the pool of suppliers working on the project; ensuring that detailed technical specifications are included in the tender documentation for construction works; and assisting implementing agencies in estimating the costs of the works put to tender, thus maintaining strong financial oversight. Yet, the model also comes with difficulties, most notably the risks linked to design changes or inconsistencies that require precisely defining the roles, responsibilities and contractual obligations of the various consultants and companies.
In the sample, the overwhelming majority of sports-related infrastructure has followed the Design-Bid-Build approach, as shown in the figure below.

**Figure 3.2. Delivery method**

![Diagram showing delivery methods]

*Source: University of Nottingham and OECD, 2018.*

Besides providing a number of options to distribute execution risks to different parties, decisions on the delivery mode of infrastructure might also introduce additional actors in the development of those projects. Indeed, the decision to separate the design phase from the construction phase necessarily means that other stakeholders – a project manager, architect or master engineer, or any combination thereof – will influence interactions between public and private sectors. These additional stakeholders could expose infrastructure projects to additional risks. Development of the Commonwealth Games in India well illustrates this potential.

According to the fourth report of the High Level Committee for Commonwealth Games 2010 (High Level Committee for Commonwealth Games, 2011[21]), a Swiss-based consulting company, EKS, had been awarded contracts to design sports-related infrastructure for the Games. Those contracts, granted through direct awards based on the recommendation of the Commonwealth Games Federation, amounted to around USD 2.3 million. While the CEO of EKS publicly claimed that all design services were performed according to the agreed conditions, the opacity of the selection process and his prior involvement in a co-ordination committee liaising with the Commonwealth Games Federation (NDTV, 2010) raised questions of conflict of interest and possible fraudulent practices.

Aside from the degree of transparency in selecting these stakeholders, the mere fact that additional stakeholders intervene in the delivery of sports-related infrastructure needs to be taken into account in risk management strategies. Beyond the number and identity of stakeholders involved, other aspects of procurement strategies could expose projects to corruption or collusion risks.
Indeed, the choice between public-private partnerships (PPPs) and what is often referred to as traditional procurement will determine the constraints and incentives for both the public and the private sector. Historically, PPPs have been seen as having the potential to reduce corruption “by removing certain assets from state control and converting discretionary official actions in to private, market-driven choices” (Cobârzan and Hamlin, 2005[33]). However, evidence suggests that while PPPs can offer greater transparency, they can also be a source of corruption and rent seeking – during both the procurement phase and implementation – if in fact there is insufficient transparency and governance is weak (World Bank, 2013).

Of the 76 sports-related infrastructures, only two were delivered through a public-private partnership: the Olympic Park of Barra for the 2016 Rio Olympic Games, and the Central American Village for the 2014 Central American and Caribbean Games held in Veracruz in Mexico; the others were directly procured with public funds. In terms of infrastructure ownership, based on available information, only one was supposed to be retained by the contractor, namely the Central American Village (which was not completed for the games). All the others had a transfer to the public sector after construction works.

Openness in procurement processes is critical to minimise discretionary decisions, or unduly restricted competition in tenders; both can be breeding grounds for corruption. Information publicly available for the procurement processes analysed in the sample revealed that with all pre-tendering activities there was limited evidence of transparency. As shown in Table 1.1, failure to disclose procurement information, abuse involving non-competitive procedures based on exceptions, and lack of competition are all red flags signalling potential corruption risks.

For example, advanced publication of upcoming tender opportunities prior to launch of the procedure has been evidenced in only about 27% of the procurements analysed. Further, the data gathered suggest that engagement with civil society and populations affected by the construction of the sites only occurred with the 2018 Youth Olympics in Buenos Aires. In this event, a social communication plan was a contractual obligation for the selected contractor throughout the implementation of all projects. This involved updating the community on progress with work, as well as potential issues that could affect residents or businesses in the area. Besides reinforcing the engagement of civil society and affected populations in the development of infrastructure, social communication can prove useful in allowing those close to the construction site to witness the progress being made and signal potential onsite deviations. The 2018 Youth Olympics in Buenos Aires went a step further by also providing procurement-related information to the public through the use of open data standards.

The scale, complexity and magnitude of infrastructures relating to the hosting of sports events warrant robust pre-tendering activities to maximise competition and ensure a greater understanding of market capacities. Strategies to promote suppliers’ engagement prior to the issuance of tenders have been found to be effective in achieving these objectives in a number of infrastructure projects. They indeed help reduce asymmetry of information often evidenced in complex procurement (Saussier and Tirole, 2015). However, they also have to take into account their potential exposure to risks of corruption and/or market allocation stemming from communication among different stakeholders from the public and the private sector. Interactions with potential contractors must therefore be conducted fairly in order to avoid giving any of them undue advantage. All communications should be fully documented and kept for future reference (UNODC, 2013a). Among the procurements analysed, there was only one with publicly demonstrated supplier engagement prior to the
launch of the procedure. This was a formal encounter in the form of an “industry day” held for interested parties ahead of solicitation for the London Olympics and Paralympics – a programme titled “Structures, Bridges and Highways”.

In Brazil, procurements for the Rio Olympics could have been implemented under the Differentiated Contracting Regimen with similar efficiency and transparency principles. Yet, data collected for the selected procurement processes show no evidence of these pre-tendering activities.

Overall, analysis of pre-tendering activities suggests that measures aimed at ensuring an adequate degree of transparency, reinforced public oversight and genuine competition in tenders were not systematically implemented for the procurement of sports-related infrastructures considered in the sample.

3.2. Fostering effective competition during the tendering stage to mitigate risks of corruption and bid rigging

While the integrity of the procurement cycle can be exposed to threats at all stages of the process, the tendering phase is particularly vulnerable, and to the greatest variety of risks. Bribery, kickbacks, collusion and bid rigging can occur during this phase, starting with the issuance of the tender and ending with the contract award. All these steps carry risks that implementing agencies need to assess and manage carefully.

First, the type of procurement method used is a crucial aspect framing the level of competition in selecting the supplier. Aside from direct awards which de facto avoid competition, implementing agencies have a wide array of possibilities to put their needs to tender and meet market interest and capabilities, from open public tenders to two-stage or restricted competitions.

Only three of the procurement processes analysed used direct award for the construction of the sports-related infrastructure. The contract for the construction of the Handball Olympic Centre/Future Arena in Rio de Janeiro was directly awarded on the grounds that there were no bids presented in the open procedure, an exception which is allowed by Article 24, V, of Federal Law no. 8666/93. The Sambadrome improvement works in the same event were directly awarded on the grounds of an emergency situation also allowed under Article 24, 4 of the same law. Finally, only the Xalapa velodrome exterior complementary works in Veracruz were directly awarded, without evidence of justification.

Ninety-five per cent of the processes analysed where information was available used open public tendering. However, the public tenders involved a number of different selection processes. The Youth Olympics in Buenos Aires used open tenders with no prequalification stages and, once technical minimum requirements had been passed, offers proposing the lowest price were selected. The most complex procedures were used for the London Olympics, which under the relevant EU legislation made use of the “competitive dialogue procedure” and “restricted procedure”. These procedures involve open competition with a prequalification stage and set a minimum number of bidders that have to be invited to submit proposals from among those that passed the prequalification stage. Lastly, thirteen open tenders involved post-tender negotiations or dialogue.

Overall, details on the structure of the procedure (found in 61 of the 76 procurements analysed) indicate that almost half (29) of the open public tenders involved a prequalification stage. Pre-qualification provides implementing agencies with practical benefits deriving from reduced time allocated to the evaluation of offers received since only
qualified suppliers can submit a bid. From the suppliers’ perspective, prequalification can also prove useful since competition among suppliers will be limited to those having satisfied preliminary eligibility criteria.

However, the strategy could also further expose procurement processes to risks of manipulation of prequalification criteria. This had been evidenced in the procurement of diesel generators for stadiums hosting the 2010 Commonwealth Games, where the company finally awarded the contracts had first been disqualified in the initial screening process only to eventually qualify after the criteria was modified (High Level Committee for Commonwealth Games, 2011).

Alongside openness of the procurement procedures, another critical factor shaping the extent of genuine competition among bidders – hence mitigating corruption and collusion risks – is how award criteria are defined. Criteria that are not aligned with market capabilities or that lead to highly predictable outcomes could increase exposure of the procurement processes to corruption and bid rigging risk. Functional criteria that specify the result but not the way to get there may foster competition more than descriptive criteria.

Information on award criteria used in the individual procurement processes selected is scarce, since 60% of cases did not provide supporting data. However, in the remaining 40%, only 8 of the procurements analysed were found to have used the Most Economically Advantageous Tender (MEAT) criterion in the sense of taking account of criteria other than just lowest price; 26 used that sole criterion.

The time span of procurement – from formal solicitation until contract award – is another aspect determining its competitiveness, and hence its risk level. The total length of the award procedure was identified in more than half of the procurements analysed, and the average length was 86 days. However, as shown in Figure 3.3, the duration of the tendering stage varied greatly even within one sporting event. The type of procedure used and the existence of a prequalification stage are both factors that could explain these differences.
Particularly important in the duration of the tendering phase is the time frame between the issuance of the tender and the bid submission deadline. This time frame varied a great deal in the procurements analysed. It was longest in the case of the Commonwealth Games procurements, where it took up to 152 days for the roofing of the Jawaharlal Nehru Stadium. However, an audit report (High Level Committee for Commonwealth Games, 2011) indicates that technical specifications and financial estimates for the works underwent a number of modifications, which may explain the lengthy period for submitting bids. The shortest deadlines were found in Veracruz and procurement for the Integral Project for sport infrastructure, competition venues and complementary works in Xalapa, Coatepec, Veracruz, Boca del Río and Alvarado: there were only 8 days from solicitation to registration and 12 days from registration to submission of bids.

Most of the other procurements for which information was found had a time frame from solicitation to bid submission of around 20 days. In two events, the time frame was regulated for all procurements by law. For the Rio Olympics, as per Article 21, 2, II of Federal Law 8666/93, all bidders had 30 days to submit their proposals. In Buenos Aires, the applicable legislative framework established a minimum time frame for bid submission of either 15 or 20 days.

All previous actions – from structuring the procurement method to awarding criteria and setting time frames for submitting bids – should maximise competition in the procurement processes. Information about the number of bids received was available for 70% of the 76 procurement processes analysed; on average, almost 6 offers were received for construction works put to tender. Sochi and Rio received the lowest average number of bids, while Vancouver and Buenos Aires received the highest number.
Given the sheer volumes of money involved in public procurement, and recognising the varied benefits of e-procurement, many countries (OECD members as well as non-members) have developed e-procurement systems in recent years. These systems can significantly simplify the way procurement is conducted, reduce waste, and deliver better procurement outcomes (European Commission, 2016).

E-procurement refers to the integration of digital technologies as a replacement or redesign of paper-based procedures throughout the procurement process. It is an effective tool for increasing transparency, facilitating access to public tenders, increasing efficiency through automation of tasks, increasing outreach, fostering competition and supporting data analytics. For example, the Korean Fair Trade Commission developed a Bid Rigging Indicator Analysis System (BRIAS), drawing information directly from the Korean ON-line E-Procurement System, KONEPS. BRIAS looks at data elements including bidding price (as a ratio compared to reference price), the number of participants and the competition method, and applies a formula that generates a potential bid-rigging score.

Furthermore, e-procurement systems could prove useful in mitigating risks of corruption by limiting physical interaction between the public and the private sector and by keeping track of actions taken in procurement processes. Therefore, assessing whether and to what extent e-procurement systems were used for a particular procurement of sports-related infrastructure could prove useful in gaining a better understanding of that procurement’s overall exposure to risks.

As shown in Table 3.3, only one out of the ten events analysed as part of this study – the London Olympics – used e-procurement functionalities for the full tendering stage (issuance of tenders, provision of documents, electronic submission and notification of award). The majority of the sporting events analysed used e-procurement systems to a limited extent, whereby some of the first steps were done electronically (publishing the notice), but the bids and/or evaluations themselves were paper-based and only the final contract was published online. In addition, some paper-based systems published selected documents following the contract award (Sochi, Rio de Janeiro).
### Table 3.3. Use of e-procurement vs. paper-based procurement during the tendering stage

<table>
<thead>
<tr>
<th>Sporting event</th>
<th>E-procurement</th>
<th>Partial e-procurement</th>
<th>Paper-based procurement</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winter Olympics, Sochi, Russia, 2014</td>
<td>x</td>
<td></td>
<td></td>
<td>Tender documentation, Contract notice and Evaluation commission decisions are published online.</td>
</tr>
<tr>
<td>Asian Games, Guangzhou, China, 2010</td>
<td>x</td>
<td></td>
<td></td>
<td>E-means for solicitation and public notice.</td>
</tr>
<tr>
<td>Winter Olympics, Vancouver, Canada, 2010</td>
<td>x</td>
<td></td>
<td></td>
<td>Requests for proposals were published electronically.</td>
</tr>
<tr>
<td>Olympic and Paralympic Games, Rio de Janeiro, 2016</td>
<td>x</td>
<td></td>
<td></td>
<td>Some documents of the tender are published in the Transparency Portal, but only after closing of the tender process.</td>
</tr>
<tr>
<td>Youth Olympics, Buenos Aires, Argentina, 2018</td>
<td>x</td>
<td></td>
<td></td>
<td>E-means for solicitation, tender documentation, technical specifications, contract notice, evaluation, &quot;pre-award&quot;, award, comments on specifications – all available on line. No e-tendering or post-award information available on line.</td>
</tr>
<tr>
<td>Olympic and Paralympic Games, London, United Kingdom, 2012</td>
<td>x</td>
<td></td>
<td></td>
<td>The ODA Suppliers Guide states that most stages of the procurement procedure are run on line, including submission of documents.</td>
</tr>
<tr>
<td>Central American and Caribbean Games, Veracruz, Mexico, 2014</td>
<td>x</td>
<td></td>
<td></td>
<td>Register for tender in online system (CompraNet). Solicitation, technical requirements and other procurement documentation available via CompraNet. Bids, however, are paper-based.</td>
</tr>
<tr>
<td>FIFA World Cup, South Africa, 2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>XIX Commonwealth Games, New Delhi, India, 2010</td>
<td></td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>X World Games, Wroclaw, Poland, 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: University of Nottingham and OECD, 2018.

It is important to note that the ten events under consideration took place over a period of eight years that saw a gradual spread of e-procurement system worldwide (Figure 3.4 for OECD member countries). As such, it is understandable that e-governance tools in general and e-procurement systems in particular were not used by the host governments of some of the earlier events, such as the Asian Games in Guangzhou, the 2010 FIFA World Cup™ in South Africa, or the Commonwealth Games in New Delhi.
Further, analysis of e-procurement coverage for the selected procurement of sports-related infrastructure revealed that beyond the tendering stage, electronic means for the pre-tendering and the post-award phases were largely absent. Particularly, and as further discussed in the next section, details on contract execution are missing in most of the selected events.

3.3. The need to clearly regulate and communicate contract amendments in the post-award stage

Dedicated contract management, whose benefits have been long acknowledged in the literature (Mettler and Rohner, 2008), helps achieve the objectives pursued in selecting suppliers. Conversely, insufficient contract management increases the exposure of projects to a number of risks, from mismanagement and undue payments to greater corruption threats. The exceptional complexity, scale and time frame of infrastructure projects further call for thorough contract management strategies.

Infrastructure projects are particularly exposed to contract renegotiations. A study on Brazilian public works contracts awarded by the federal government between 2002 and 2007 estimated that nearly 30% of contracts were renegotiated and final prices were on average 40% higher than initial awarded prices (Fiuza and Rezende, 2012). These renegotiations entail additional complexities because of the diminishing influence of the implementing agency throughout the construction of infrastructure, as illustrated by Figure 3.5.
Most of the time, contract renegotiations are caused by incomplete technical specifications in the tender documentation; that in turn influences bidders’ strategies (Bajari, Houghton and Tadelis, 2006). The possibility of ex post renegotiations can incentivise bidders to submit abnormally low proposals, knowing that the playing field in that case will be in their favour (OECD, 2015c). In the sports context, this possibility becomes all the greater with the time-bound nature of the construction of required infrastructure, as reported by the National Audit Office when identifying risks posed to effective development of preparation works for the 2012 London Olympics (National Audit Office, 2007).

A robust contract management framework ensures that additional works and time frame extensions are documented and duly justified. For example, in working to build the right supplier relationships, the United States focuses on doing business with contractors who place a premium on integrity, performance and quality. To this end, agencies have been directed to improve the quantity, quality and utilisation of vendor performance information. Vendors’ past performance information is contained within the Past Performance Information Retrieval System (PPIRS). Included are identification and description of the relevant contract; ratings across various dimensions (quality, schedule, cost, utilisation of small business, etc.); and a narrative for each rating. A harmonised contract management reporting system provides contracting authorities with greater understanding of contractors’ performance. In national public procurement systems, major principles regarding amendments to contracts are often described in the legislative framework.

Considering that the selected procurements of sports-related infrastructure were largely in compliance with their respective national procurement frameworks, it follows that they also adhered to overarching principles for the conclusion of amendments. Indeed, most of the sporting events researched were found to have procurement procedures with established rules and institutional structures for amendments to contracts.

![Figure 3.5. Influence vs. spending in the development of infrastructure](image)
In different instances, limits for the conclusion of amendments are defined. For example, the public procurement laws applied in the procurement of infrastructure relating to the Rio Olympics, Buenos Aires Youth Olympics and Central American and Caribbean Games in Veracruz indicate a maximum financial limit (either 20% or 25% of the original amount) under which amendments to contracts could be concluded. In the case of specific legal frameworks created for procurement for sporting events, such as in Sochi, provisions relating to the conclusion of amendments were defined in the contracts.

Yet, detailed provisions on how amendments should be discussed, by whom, and which supporting justifications should accompany those modifications may not be detailed in the public procurement laws or bylaws. For example, the Mexican Law on Public Works and Related Services foresees all situations and cases where renegotiations of contracts could take place. It does not however include detailed provisions on governance mechanisms for those renegotiations.

Because corruption risks can materialise with the signing of unjustified amendments artificially increasing prices, it is critical to ensure that justifications for such modifications are evaluated effectively. While some applicable legal frameworks detail approval procedures involving different departments within implementing agencies or different entities, others do not stipulate the process for implementing modifications to contracts.

Throughout the mapping exercise, scarce information was found on the mere existence of amendments to contracts for the construction of sports-related infrastructure. This may be explained by the limited use, if any, of e-procurement systems for managing contract execution.

The national legal framework in some countries included in this study, for example in the United Kingdom or Brazil, foresees the possibility of accessing information about contract modifications through transparency portals or under laws on freedom of access to information. However, the details of such information are often limited to indications of the number of amendments and their title.
4. The integral function of risk management for preventing and detecting corruption risks across the infrastructure project cycle

To mitigate corruption risks across the infrastructure project cycle, including procurement risks, it is critical for implementing agencies to have an effective risk management function in place. As the selected events span a time frame of eight years, such an expectation may not appear to be realistic. Hosts should nevertheless assess the risks of various types early on; devise and implement appropriate risk mitigation measures; monitor their impact; and constantly refine the plan.

Principle 10 of the OECD Recommendation on Public Integrity outlines the central tenets of an internal control system for safeguarding public integrity, which include the risk management function. It calls for countries to take a risk-based approach to ensuring integrity, including a strategic approach to risk management that involves assessments, addressing control weaknesses and quality assurance mechanisms. The OECD Recommendation on Public Procurement calls for preventive, integrated risk management strategies to identify and mitigate all types of risks throughout the public procurement cycle, as a complement to enforcement strategies. Other standard-setters, such as the Committee of Sponsoring Organizations of the Treadway Commission and the International Organization for Standardization, echo the importance of risk management for achieving organisational and project objectives.

A critical component of effective risk management is careful risk assessment, a dynamic and iterative process. The organising agency should identify and assess both external and internal risks to achieving its objectives, as well as inherent and residual risks. The assessment process involves understanding not only the likelihood that a given risk will occur – for instance, the risk of corruption – but also its implications and the organisation’s risk tolerance.

In the interest of efficiency, organisations may incorporate assessments of corruption and fraud risks into broader risk assessments. There are often interlinkages between, e.g., strategic, operational, financial and reputational risks, as well as the activities for assessing and controlling them. A risk-based control plan should consist of putting in place effective measures in order to minimise the possibility of corruption occurring and increase the chances of detecting it. This can require amending existing controls and introducing new ones (such as supervision, systems, policies and procedures), as well as introducing new methods of detecting and responding to corrupt behaviour (UNODC, 2013a).

4.1. Improving risk management strategies and assessments by explicitly incorporating integrity objectives when delivering sports-related infrastructure projects

There is limited evidence that implementing agencies took a strategic approach to risk management in the events reviewed; however, ad hoc activities to assess risks in some events were identified. Specifically, only three of the ten events reviewed had readily
available information in the implementing agency’s governance documents that mentioned risk management objectives, policies or activities.\textsuperscript{2} In the London Olympics, risk management was covered in the annual reports and accounts (Olympic Delivery Authority, 2015), as well as in the quarterly risk report produced and widely circulated by the ODA. These reports also highlight risks specific to integrity, corruption or fraud. In South Africa, risk management activities were described in the 2010 FIFA World Cup™ Country Report, and in India in the Note on Projects related to Commonwealth Games (CWG).

Six of the events were found to have conducted risk assessments related to their procurements or project implementation: the Vancouver, London, Sochi and Rio Olympics, as well as the Asian Games and the Commonwealth Games. In London, all procurements performed risk assessment according to Section 5 of the ODA Procurement Policy Document (Olympic Delivery Authority, 2007) and the quarterly risk report produced by CLM, the delivery partner, and reported to the ODA and Government Olympics Executive. In Vancouver, the risks considered were financial, hazard, lost opportunity, performance and reputation risks (City of Vancouver, 2006). In Sochi, PriceWaterhouseCoopers, a company that focuses on audit and assurance, tax and consulting services, was commissioned to draw up a risk management policy; review risk matrices and functional area operating plans; develop incident matrices; and produce contingency plans. In Rio too, there was also a responsibility matrix to keep track of the amounts and deadlines of projects that already had at least a public bidding or request for proposal published. The contracts of the Asian Games Village publicised by the implementing agency also show that risk assessments (at least technical assessments) were conducted, although no details of these could be found. Finally, in the case of the XIXth Commonwealth Games, risk assessments are referred to in the Performance Audit Report No. 6 of 2011 (Comptroller and Auditor General of India, 2011).

While six of the ten events were found to have conducted risk assessments, only the London Olympics organisers publicly appeared to have undertaken a comprehensive effort to analyse corruption risks specifically, including in the procurement process. In 2005, the Metropolitan Police Economic Crime Command published the paper “Who Will Win Gold?”, outlining economic crime risks for the Olympic Games. The author was then tasked with further analysis of previous successful Games and major UK construction projects. As a follow-up, the Specialist, Organised and Economic Crime Unit of the Metropolitan Police then established Operation Podium in 2006 to target such risks in the Games and worked in close partnership with the ODA.

Ultimately, Operation Podium established the Construction Industry Fraud Forum (CIF) to improve understanding of risks for the industry, police and the ODA. Special funds from the UK Home Office were used to allocate dedicated crime prevention personnel to work with the ODA: two police officers from Operation Podium were embedded into the ODA workforce to advise and to support managers in identifying and mitigating risks in the procurement process. This example serves as an illustration of an organiser investing resources into a strategic approach for managing corruption risks.

Periodic integrity risk assessments – incorporated into broader risk assessments, or as a stand-alone exercise – are critical to taking a strategic approach to risk management in infrastructure delivery. This risk-based approach is presented in the OECD Recommendation on Public Integrity, as well as in numerous international standards for internal control and risk management.

Improving risk management in government for delivering large-scale sporting events can catalyse change and improvements in other areas. For several of the events reviewed, risk
management and assessments carried benefits beyond the sporting events, bringing valuable lasting legacy for the host governments. For instance, the ex post audit report of the London Olympics concludes that while preparing for the Games, the public sector has gained valuable experience in project risk management. The government can use these skills to fill gaps in government competencies, deploying people where this experience is needed (National Audit Office, 2012). The audit report of the 2010 FIFA World Cup™ shows that that event similarly helped the standardised municipal departments’ service delivery processes, including the internal control system and risk management function (Human Sciences Research Council, 2011). This could benefit local residents in the future by ensuring improved service delivery.

4.2. Addressing implementation gaps by ensuring a dedicated entity to manage integrity risks and proactively establishing mitigation measures

To effectively safeguard integrity related to sporting events, a critical early step is to have a dedicated entity that leads, oversees and co-ordinates risk management activities with multiple stakeholders. Reviewing the ten sporting events brought to light some positive examples. For instance, in Vancouver, VANOC ensured adequate attention to risk management by hiring a Vice President of Risk Management and Assurance Services who was responsible for the Risk Management Strategic Plan and the budget (Government of Canada, 2007). When it comes to managing procurement risks specifically, the UK National Audit Office identified this as one of the six risk areas for the London Olympics. The ODA addressed this risk by tapping into the procurement expertise of other government agencies. For instance, to mitigate procurement risks for the delivery partner, the process of managing delivery of the Olympic venues and infrastructure was overseen by an advisory “compliance and oversight group” of external procurement experts (National Audit Office, 2007).

Audit and inspection entities are essential stakeholders for ensuring accountability, integrity and quality in the delivery of infrastructure for sporting events. Half of the ten events reviewed had both internal and external audit and/or inspection entities, while the other half had only external ones. Not counting procurements unfinished at the time of the research (Buenos Aires), half of the procurements were found to have had an ex post audit conducted. However, audit reports themselves were only found for the Sochi, Vancouver and London Olympics, the 2010 FIFA World Cup™ and the Commonwealth Games. In other cases the existence of audit reports has been established only from media references (Guangzhou, Rio Olympics, Central American and Caribbean Games and the Buenos Aires Youth Olympics) and contractual provisions (Rio de Janeiro).

While audit and inspection bodies play an essential oversight role, they are not part of the first or second line of defence, as described in the Three Lines of Defence Model of the Institute of Internal Auditors. According to this model, the operational level is the owner and manager of risks (i.e. the first line); they are supported and overseen by risk managers and compliance specialists (among others) that provide the second line of defence. The third line of defence – internal auditors – provides independent assurance to management regarding the effectiveness of the first two lines and how effectively risks are managed (Institute of Internal Auditors, 2013).

When developing the structure and approach for effective risk management in infrastructure for sporting events, governments can consider clarifying roles and responsibilities for project delivery between those responsible for implementation and audit bodies. In many countries, the challenge goes beyond this context – and as noted, the
mitigating corruption risks in the procurement of sporting events © OECD-IPACS 2019

sporting event could provide a catalyst for addressing what is often a government-wide challenge. Table 4.1 shows the roles and responsibilities of internal auditors in risk management.

Table 4.1. The role of internal audit in risk management

| Core internal audit roles with regard to risk management | Ensuring the risk management process
| Ensuring that risks are correctly evaluated
| Evaluating risk management processes
| Evaluating the reporting of key risks
| Reviewing the management of key risks
|
| Legitimate internal audit roles with safeguards | Facilitating identification and evaluation of risks
| Coaching management in responding to risks
| Co-ordinating ERM activities
| Consolidating reporting on risks
| Maintaining and developing the ERM framework
| Championing the establishment of ERM
|
| Roles internal audit should not undertake | Setting the risk appetite
| Imposing risk management processes
| Management assurance on risks
| Taking decisions on risk responses
| Implementing risk responses on management’s behalf
| Accountability for risk management

Source: Adapted from (Institute of Internal Auditors, 2009).

4.3. Investment in tools and awareness-raising in the early stages of the project cycle to support managers’ capacity to safeguard integrity

Given that infrastructure procurement – particularly the tendering phase – is particularly sensitive to corruption, risk assessment of sporting events should pay special attention to the risks to procurement. The OECD has developed a detailed list of indicators of procurement risks, particularly those of fraud and corruption (OECD, 2009). Implementing agencies for major sporting events can use this list as a starting point in developing their own, contextualised risk assessment of the procurement process. The OECD also recommends that risk mitigation strategies be carefully communicated with the personnel – including highlighting potential intervention points where prevention or mitigation is possible – as well as with other relevant stakeholders (OECD, 2015b). Moreover, the OECD Guidelines for Fighting Bid Rigging in Public Procurement, as described below, provides several behavioural red flags for collusion that can be incorporated into the risk assessment process.

As part of its publication The United Nations Convention against Corruption: A Strategy for Safeguarding against Corruption in Major Public Events, the UNODC (UNODC, 2013a) developed a corruption risk assessment tool to assist the various agencies, governments and other stakeholders involved in bidding for or organising such events. While this instrument needs further tailoring to the specific context of sports, the checklist can serve as a valuable point of departure for relevant stakeholders wishing to review their own preparedness and capacity to prevent, detect and respond to corruption.
Notes

1. Inherent risks are risks assessed in the absence of control measures, whereas residual risks account for risk exposure after considering mitigation strategies and controls.

2. These events included the London Olympics, the 2010 FIFA World Cup™, and the Commonwealth Games in New Delhi.

5. Key findings and proposals for action

The mapping exercise carried out for the selected 76 individual procurement processes covering infrastructure built for ten sporting events provided insights into trends and patterns of procurement frameworks and risk management activities. In turn, these trends and patterns offer the foundations for developing tailored tools and practical guidelines that could contribute to effectively detecting and managing corruption risks in procurement processes. Below are proposals for action that could support this endeavour.

Key findings

**Mitigating risks in the procurement of sports-related infrastructure requires strategic approaches to information collection.**

The first key finding revealed by the exercise is the limited detailed information that could be accessed beyond publicly available data. Aside from information relating to infrastructures built for the 2018 Youth Olympics in Buenos Aires, the different stakeholders contacted (implementing agencies, centralised purchasing bodies, responsible ministries, etc.) were unable to locate the requested information. At the time of writing, the sporting event in Buenos Aires was ongoing and therefore related infrastructure had been recently built. This could explain why more in-depth information could be provided.

The limitations of institutional memory observed constitute a significant obstacle to learning lessons from previous experiences so as to improve the transparency and integrity of the procurement of sporting events and related infrastructure.

**Strategies fostering competition in the procurement of sports-related infrastructure are not systematically applied.**

A procurement system that lacks competition is the ideal breeding ground for corrupt behaviour; therefore, most important international codes and standards on anticorruption and public procurement rest heavily on this fundamental principle as a means of discouraging corruption (UNODC, 2013b).

A number of strategies aim at maximising competition in procurement processes. From early signals given to the market to tenders that level the playing field, various procurement techniques could be applied to incentivise participation from the private sector. However, few of these strategies were evidenced through available online information in the sample analysed for the purpose of this study.

**Reinforced oversight beyond the tendering phase is necessary to effectively mitigate risks in the procurement of sports-related infrastructure.**

Most of the procurement processes analysed in this study were carried out through public tenders, suggesting increased scrutiny at the tendering stage. However, the entire procurement cycle, including pre-tendering activities and contract execution, is exposed to
risks of corruption. Therefore, implementing agencies, governments and sports federations could step up efforts to ensure that publicly awarded contracts are defined and executed transparently as well.

Proposals for action

On the basis of the evidence collected and taking into account the aforementioned limitations, stakeholders involved in the procurement of sports-related infrastructure could consider the following proposals. These proposals are meant to stimulate discussions around specific policy areas that could contribute to reinforcing procurement standards and risk management activities surrounding the development of infrastructure for sporting events.

Defining and collecting critical procurement information on sports-related infrastructure is a necessary step for different stakeholders in detecting potential exposure to risks.

Addressing this central issue would require international sports federations, governments, implementing agencies and oversight bodies to agree on strategies aiming at centralising information pertaining to the development of sports-related infrastructure. Different stakeholders have however varied interests depending on their role in the development of infrastructure related to sporting events.

While sports federations and governments need to rest assured that sound procurement strategies and risk management frameworks are in place, implementing agencies and internal control departments could go a significant step further by using procurement information to detect, mitigate and manage risks of corruption or collusion.

Creating a central repository of major trends and patterns evidenced during the procurement of infrastructure relating to the sporting events they are promoting could serve as a risk mitigation strategy for the international sports federations. It could serve as a basis for centralising critical procurement information which could then be used for evaluating preparations of sporting events, including the construction of required infrastructure.

Conversely, suggested questions for implementing agencies or internal control departments could support these bodies’ efforts in implementing a dashboard for mapping risks in the procurement of sports-related infrastructure. Such tool could lay the foundations of a strategic and more systemic risk management framework.

Mapping roles and responsibilities of stakeholders involved in the procurement of sports-related infrastructure could deepen understanding of how the public and private sectors interact.

The specific procurement frameworks used in the sample point to the use of delivery modes involving a number of different stakeholders from the private sector (project managers, architects, engineers, construction companies). Effective mapping of risks in procurement processes starts by clearly capturing the allocation of responsibilities among those different actors.

Indeed, the specific responsibilities borne by different stakeholders in procurement processes could further expose sports-related infrastructure to risks of corruption if not
adequately captured in risk management strategies. From restrictive technical specifications or requirements to loose supervision of contract execution, effective management of risks requires a comprehensive mapping of procurement processes and a clear understanding of where precisely those stakeholders intervene.

**In pre-tendering activities, additional strategies could be deployed to maximise competition as a means to mitigate corruption and collusion risks.**

Few sporting events included procurement of related infrastructure in which issuance of the tender was preceded by an advanced publication notice. Given their complexity, other infrastructure projects around the world found the early engagement of suppliers critical in maximising competition in subsequent tenders. For example, Infrastructure Australia carried out a consultative study with stakeholders typically involved in infrastructure projects (government, procurement agencies, the construction sector, etc.) to identify the optimal time frame for each procurement phase to drive efficient outcomes (Infrastructure Australia, 2012). Results showed that specific interactions with potential suppliers could start between 6 to 12 weeks before issuance of the tender.

**Moving away from the lowest-price criterion to include a more comprehensive competitive assessment of proposals could foster competition and limit predictability of tenders’ outcomes.**

For 86% of the individual procurement processes for which information was found (58 cases), the lowest-price criterion seems to have been used. Considering the scale and complexity of these projects, that criterion not only risks resulting in suppliers that might not provide the better price/quality mix, but also opens the door to collusion by providing colluding suppliers with a reasonable degree of certainty on tenders’ outcomes.

**Solid procurement databases are key.**

Good, quality data matter. Data should be recorded in a standard, consistent and error-free manner so that red flags will signal any corruption or collusion, red flags and be flexible so that analytical techniques can easily be applied. As much information as possible should be stored in a searchable format that allows easy handling and use (for example, detailed tender records in spreadsheets or databases rather than scanned images of contracts). Any databases maintained by stakeholders should be interoperable, in terms of both formatting and cross-referencing. For example, if data at the tender, contract award and contract performance stages are held separately, it should be possible to join these records if necessary.¹

**Clear internal and external reporting lines are crucial.**

There is need for:

- well-established procedures to report any suspicious behaviour relating to bid rigging internally to the competition authority, and to have that information clearly communicated to procurement staff
- sufficient understanding of the difference between corruption and collusion
- appropriate training on the exact nature of bid rigging and how it can be detected is crucial (OECD, 2016c).
Precisely defining governance mechanisms for amendments in the relevant procurement policies would provide for a structured approach to contract renegotiations, limiting discretionary decisions.

Infrastructure projects are prone to contract renegotiations, and that holds for sports-related infrastructure. In the selected individual procurement processes where information was available, some contracts were subject to up to 14 different amendments. While most of the legal frameworks applied contain provisions governing the conclusion of amendments, they do not provide detailed processes for submitting, discussing or validating claims. Because of the time-bound nature of sports-related infrastructure projects, implementing agencies could see their negotiation positions weakened by the requirement to develop infrastructure on time. A renegotiation framework established from the beginning and communicated to all bidders before awarding the contract to a supplier could help balance the relationship between the implementing agency and the supplier during contract execution.
6. Checklists – Procurement and risk management strategies for sports-related infrastructure

As the mapping exercise above shows, corruption or collusion risks could arise from a number of procurement framework features in sports-related infrastructure. The very first step for addressing the numerous risks faced by the procurement of sports-related infrastructure is the gathering of structured information around the projects’ development. Therefore, a list of key questions to be answered could provide relevant stakeholders with the evidence necessary to help them more fully understand the risks according to how infrastructure projects are procured in practice.

However, the layered governance structure of sporting events and development of related infrastructure calls for differentiated questions depending on the stakeholder’s role in implementing the infrastructure. Indeed, while implementing agencies need to have an in-depth understanding of trends and patterns in concrete procurement processes, organising committees, governments and sports federations would already benefit from grasping the major features of the procurement strategies and practices used in the development of those infrastructure projects.

It is therefore proposed to establish a list of critical questions where responses would help stakeholders with various perspectives to understand where corruption and collusion risks are most prominent and to devise strategies to mitigate them.

6.1. For implementing agencies

Implementing agencies already have a detailed understanding of the procurement framework and risk management standards applying to the procurement of sports-related infrastructure for which they are responsible. However, the interaction among multiple partners – including from the private sector – and patterns throughout the procurement cycle could signal further exposure to specific corruption and collusion risks. The critical questions below therefore aim at providing these agencies with a structured assessment of infrastructure projects’ exposure to risks.

6.1.1. Which stakeholders are involved in procurement of the infrastructure?

The mapping of stakeholders involved throughout the procurement cycle would provide implementing agencies with a clearer understanding of the roles and responsibilities of all those involved in the development of sports-related infrastructure. From the definition of procurement strategies to contract closure, insights from the mapping exercise show that different entities intervene throughout the cycle.

For example, evidence gathered in this report shows that the favoured structure for the procurement of sports-related infrastructure is Design-Bid-Build. Often the designer is a private actor – an architect or an engineer (or a combination of both) – that exposes projects to specific risks calling for dedicated mitigation measures. Likewise, identifying who is...
responsible for the technical and administrative validation of claims and invoices provides implementing agencies with insights on possible corruption entry points.

6.1.2. **How does the initial planning for major milestones of the procurement cycle of sports-related infrastructure (the completion of design if relevant, the start of procurement, the completion of procurement, the start of construction, the completion of construction) compare with the actual planning?**

Assessment of differences in the overall time frame for the construction of sports-related infrastructures – between what was planned and what actually happened – could signal stages where time constraints increase. While not directly an indicator for further exposure to corruption or collusion risks, these deviations could help implementing agencies better understand which part of the procurement cycle faces increased risks.

Insights from answers to this question in identifying and mitigating exposure to risks are twofold. First, comparisons between planned and actual milestones allow agencies to understand where the resulting time pressure is concentrated, which could result in relaxed procedures or recourse to exceptions on the grounds of emergency; this was the case with certain procurement of the India Commonwealth Games according to the audit report. Second, comparing average deviations of major milestones between different lots or infrastructure could provide implementing agencies with a greater understanding of abnormal situations that possibly signal procurement activities at risk.

6.1.3. **Are there guidelines detailing the process, content and extent of market research to be carried out before development of tender documentation?**

Understanding the market’s driving forces and structure not only allows for the development of effective procurement strategies yielding competitive outcomes, but also contributes to mitigation risks of corruption or collusion. Linkages between genuine competition and mitigation of corruption or collusion risks have been long evidenced in the public procurement literature, and market analysis plays a critical role in shaping competition in public tenders.

However, given the scale and magnitude of infrastructure projects, standard provisions (legislative or internal) on market research might not cope with projects’ complexity. Further, the relative scarcity of comparative information (because of the uniqueness of some sports-related infrastructures) calls for the development of tailored guidelines to ensure that market analyses capture structured information that could be used to design effective procurement strategies.

The relevance of this component of the procurement cycle for effectively mitigating corruption or collusion risks is further exemplified by the overall structure of sporting events, which often has different infrastructures in the same region being built in parallel or in an overall constrained time frame. Given the resource-intensive nature of infrastructure projects, concurrent works will inevitably affect market capabilities. In addition, and depending on the features of the procurement framework used to procure sports-related infrastructure, markets responding to call for tenders might be further constrained, for example by national or local content provisions.
6.1.4. In cases where the design and construction stages of the infrastructure are separated and awarded to different suppliers, how do they connect?

As mentioned above, according to the mapping exercise the preferred delivery method for sports-related infrastructure is Design-Bid-Build, whereby design and construction stages are clearly distinct. While this strategy could prove useful in identifying specific expertise for the different phases of the development of infrastructure projects, it could create new or amplify existing risks related to diverse interactions and interests.

Having a clear understanding of how designers have been selected; of the existence of specific contractual provisions safeguarding against potential conflict of interests; and of whether or not the design was fully completed before the procurement of construction works would all provide implementing agencies with enhanced visibility of exposure of specific infrastructure projects to risks. The timed nature of sports-related infrastructure could further reinforce a general tendency to proceed with construction before having finalised technical studies, including its design.

6.1.5. Is there an understanding of what constitutes bid rigging?

The OECD Guidelines for Fighting Bid Rigging in Public Procurement list several behavioural red flags of collusion:

- There is geographic allocation of winning tenders.
- Suppliers unexpectedly withdraw from bidding.
- Businesses submit a joint bid, though at least one of them could have bid on its own.
- The winning bidder subcontracts work to unsuccessful bidders.
- The winning price is higher than estimates.
- The winning price is higher than that for similar products or services in other tenders.
- The difference between the winning bid and the losing ones is considerable.
- Local suppliers offer higher prices for local delivery than for delivery to farther destinations.
- Similar transportation costs are specified by local and non-local companies.

If one or more of the above bid rigging indicators are found to exist, this would signal that further investigation is required. Indicators are not proof of bid rigging: for example, high bids may simply reflect the bidder’s assessment of the cost and risks of a project (OECD, n.d.); (Latin American and Caribbean Competition Forum, 2016).

6.1.6. In open procurement procedures, what is the extent of competition throughout the tendering stage?

Fostering competition in public tenders is a matter of concern for all procurement practitioners. Besides sustaining efforts to obtain better conditions from the market, it also reduces the room for fraudulent practices during this phase of the procurement cycle. However, understanding competition (and its possible impact on corruption and collusion
risks) in complex projects such as sports-related infrastructure cannot be achieved simply by gathering information on the number of bidders.

For example, sporting events like the 2018 Youth Olympics in Buenos Aires led to the procurement of infrastructure in multiple but similar lots. This procurement strategy could prove useful in diversifying the supply base and also in ensuring possible alternatives should a contractor fail to execute satisfactorily the works they had been awarded. However, it also runs heightened risks of collusion and market allocation because of the similar nature of infrastructure put to tender. Therefore, trends and patterns (recurrent winners and losers, ratio of qualified bids against bids received, etc.) could provide implementing agencies with greater insights into genuine competition in tenders.

6.1.7. **How were contractors paid claims, if any?**

Given their time span and sometimes evolving nature, contracts for infrastructure projects are often subject to modifications. While those modifications could be justified by externalities or agreed technical modifications, they could also unveil risk situations, including corruption risks (Racca and Perrin, 2013)\(^1\). Understanding how and to what extent changes are put forward could therefore provide implementing agencies with insights into potential abnormal practices during contract execution.

6.1.8. **Are risk assessments conducted on a regular basis, and do they include the objectives of identifying, analysing and responding to integrity risks?**

Implementing agencies have primary responsibility for conducting integrity risk assessments, either as part of broader assessments focusing on other risks (i.e. strategic, operational, financial, reputational, etc.) or as a stand-alone exercise. To keep pace with an evolving risk environment, assessments should be conducted on a regular basis, and should consider both internal and external risks. In the context of infrastructure delivery of sporting events, assessments should include consideration of suppliers and contractors responsible for construction, as they too are risk owners.

When conducting risk assessments, implementing agencies should take steps to document the projects’ risk profile and communicate their analysis to relevant stakeholders. Risk assessments should inform decision making, and allow stakeholders responsible for infrastructure projects to adapt control activities based on those risks identified. Without mechanisms in place to communicate and track risks, assessment can become a check-the-box exercise and be perceived as a burden on stakeholders involved in the process.

6.2. **For governments and sports federations**

While central governments and national or international sports federations are not typically involved in the procurement of sports-related infrastructure, they bear indirect reputational risks should fraudulent practices occur in procurement processes. The following questions or points of attention are therefore suggested to provide these stakeholders with a systemic approach for an enhanced understanding of potential exposure to corruption or collusion risks.
6.2.1. To what extent has the implementing agency secured the appropriate workforce, in terms of number and skills, to carry out the procurement of sports-related infrastructure?

Safeguarding the procurement of sports-related infrastructure from corruption and collusion risks relies heavily on the capacity of the procurement workforce to implement the strategies and tools they have developed. This aspect has been underlined by the National Audit Office in the United Kingdom – in its first report on risk management relating to the hosting of the 2012 Olympic and Paralympic Games – as one of the major risks posed to effective procurement practices.

Therefore, assessing whether implementing agencies have the necessary human resources, in terms of both number and skills, could provide governments and sports federations with insights into the capability of implementing agencies to cope with the scale and complexity of sports-related infrastructure projects.

6.2.2. Which public procurement legal framework applies to the infrastructures procured for hosting the sporting event?

Some sporting events analysed in the sample showed a rather fragmented legal framework for the procurement of sports-related infrastructure. While it might sometimes be down to the decentralised nature of national public procurement systems, the legal status of implementing agencies could also influence the applicable legal framework, as shown for example in Sochi.

Having a clear understanding of procurement standards that apply to the different infrastructures required for hosting sporting events would provide governments and sports federations with preliminary insights into the degree of transparency in the selection of suppliers to construct the infrastructure.

6.2.3. Is there a comprehensive procurement strategy for the infrastructures required to host the sporting event?

Most of the sporting events analysed entrusted the same implementing agency with procurement of the different sports-related infrastructures. Further, responsibility for building the infrastructures necessary to host the sporting events has often been delegated to more than one implementing agency. Therefore understanding whether a comprehensive procurement strategy has been designed could help in assessing the alignment of the procurement strategies (e.g. delivery methods, anticipated procurement planning, supplier engagement in pre-tendering activities, supplier relationship management with awarded suppliers, etc…) applied to the individual procurement processes.

Answering this question could further provide governments and sports federations with indications of any stretched time frames for certain stages of the procurement cycle in individual processes, signalling possible exposure to risks.

6.2.4. Is there a strategy for managing risks, including integrity risks, as well as a dedicated entity responsible for risk management for infrastructure projects for the sporting event?

Delivery of infrastructure projects for sporting events poses unique challenges for managing integrity risks, due to the involvement of a range of public and private actors. For any given project, internal control standards and risk management practices may vary
in quality, scope and effectiveness, depending on the entity involved. Regardless of the entity, the following components of an internal control and risk management framework are critical for safeguarding integrity:

a. a control environment that explicitly focuses on managing integrity risks, including the appropriate policies, processes and structures that underpin a culture of integrity

b. a strategic approach to risk management and to assessing integrity risks that ensures resource allocation is effective and that control activities are proportional to risks

c. regular monitoring and evaluation activities to ensure that the framework is functioning effectively and is responsive to current and emerging integrity risks

d. well-defined procedures and mechanisms for a co-ordinated response, including corrective actions, to integrity risks and to reports of suspected violations.

These components can be reflected in government-wide standards as well as institutional policies and practices. Moreover, implementing agencies may be subject to government internal control and risk management standards, while private companies involved in the project may be subject to different internal control and risk management requirements as government entities. This complexity highlights the need for additional research on how public and private standards are implemented at the project level, and on the need for a dedicated entity that can set the tone, lead activities, co-ordinate stakeholders and monitor risk management activities. Apart from helping to achieve that harmonisation, the entity could also be responsible for leading project-wide risk assessments, and ensuring that they focus on integrity objectives. The Olympic Games in Vancouver and London are good examples from which to draw further insights.

6.2.5. *Are private sector stakeholders involved in the procurement of sports-related infrastructure selected through competitive processes?*

While the vast majority of suppliers responsible for the construction of sports-related infrastructure are engaged following a competitive process, other private stakeholders such as project managers, architects and engineers involved in the sample analysed were sometimes directly awarded contracts.

Although the pool of potential competitors may be limited because of the highly specialised technical expertise required, direct awards prevent implementing agencies from demonstrating best value for money in the selection of those stakeholders, and could lead to situations of potential, perceived or actual conflict of interests.

6.2.6. *To what extent are risks of bid rigging understood and mitigated?*

Governments and sports federations could make sure that a) implementing agencies consult with the competition agency on tender design before a tender is announced; b) implementing agencies collect data that allow them to detect possible instances of bid rigging; and c) public officials involved in tender design and awards are sufficiently informed of what bid rigging is, and how it can be prevented.

Governments and sports federations could include these tasks in either regulation (in particular for [a]) or guidelines applicable to the specific sports event.
6.2.7. Which type of award criteria are being used in the procurement of sports-related infrastructure?

While use of the lowest-price criterion does not in itself signal possible fraudulent practices, including risks of corruption or bid rigging, this award mechanism may not be best suited to the technical complexity of infrastructure projects. Besides possibly affecting the overall value for money of proposals received, it forces implementing agencies to define exhaustive lists of minimum technical requirements that could artificially limit competition. It could also provide bidders with an increased degree of certainty on tender outcomes (i.e. the supplier meeting minimum requirements and submitting the lowest price clearly will win the tender), exposing the process to risks of collusion.

6.2.8. Is financial/physical progress on the construction of sports-related infrastructure publicly disclosed?

Governments and sports federations are receiving regular updates on the progress made in the development of infrastructure ahead of the sporting events. However, ensuring that financial/physical progress is being publicly disclosed (at least at an aggregated level) could provide them with additional assurance with regard to public oversight on construction works.
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