

FIFA IS NOT ALONE – EXPLAINING CORRUPTION IN INTERNATIONAL SPORTS FEDERATIONS



Arnout Geeraert

Arnout Geeraert is a Post-Doctoral Fellow at University of Leuven, LINES Institute. His recent work explores the role of the European Union in international sport through different theoretical lenses and looks into elements of good governance in sport organisations in general. He is the author of *The*

EU in international sports governance (Palgrave, 2016), develops the Sports Governance Observer for Play the Game, and has recently devised a code and indicators of good governance in Flemish sport federations for the Flemish government.

2015 proved an *annus horribilis* for international sports governance as it was confronted with two highly mediatised corruption scandals. In May, 14 officials of the Fédération Internationale de Football Association (FIFA) were arrested by Swiss authorities at the request of the US Department of Justice on the suspicion of having received USD 150 million in bribes. The US and Swiss authorities also initiated separate criminal investigations into the awarding of the 2018 and 2022 FIFA World Cup hosting rights to Russia and Qatar, respectively. In December, a report issued by the World Anti-Doping Agency (WADA) found extortion, fraud, and bribery practices at the highest levels of the International Association of Athletics Federations (IAAF).

While these scandals came as a shock to many, sports insiders have been aware of corruption problems plaguing the international sports governance for quite some time now. In fact, not only corruption allegations

involving FIFA, but also those implicating a number of smaller federations including the international volleyball, weightlifting, and handball federations have been rather well-documented. This begs the question why so many international sports federations are enveloped in corruption accusations? Some claim that corruption in sports federations is a case of a few bad apples – individuals lacking moral character. This is an oversimplification of the issue. Indeed, the corruption problem in/among international sports federations is not solely connected to corrupt individuals; they are rooted in the changing international sports governance environment and governance in international sports federations.

A changing international sports governance environment

First, international sports federations were exposed to risks relating to bribery and fraud when sport transformed from an amateur activity to a global phenomenon governed by a complex transnational network involving public and private interests. In particular, the development of cable, satellite, and digital television boosted the demand for sport broadcasting, resulting in more lavish broadcasting deals for sports events. The largest sports federations have sold exclusive sponsorship and marketing rights for their events for large amounts of money. These new sources of wealth and power available to international federations provide both motive and opportunity for officials to either use money to obtain power, or to use power to obtain money.

A second catalyst for corruption is the increased instrumentalisation of sport by politics. An increasing number of states seek to host large sporting events with the

aim and hope to increase their international prestige. A country can never be sure that other countries do not engage in unethical practices (such as vote buying) to increase their chances. This creates a contagion: when countries or bid committees begin to pay bribes, they put pressure on their competitors to do the same because the cost of not doing so is losing the bid. Tellingly, even though the most serious corruption allegations have been levelled against the recent winning bids of Russia and Qatar, other (European) bids for hosting the 2018 and 2022 FIFA World Cups have been accused of paying lobbyists closely associated with FIFA officials to gain votes.

Opportunities for corruption

The commercialisation of sport generates incentives for corruption, but corruption thrives where opportunities exist for it to thrive. International sports federations generally operate in a climate of impunity. Most of them are based in Switzerland, where they benefit from a legal framework that allows for large degrees of both fiscal and organisational autonomy and, until recently, limited prosecution of private corruption. Importantly, however, recent changes to both the Unfair Competition Act and the Swiss Criminal Code have made corruption in international sports organisations a criminal offence that is prosecuted by Swiss authorities. These changes constitute a major step forward in the fight against corruption in international sport.

Politicians generally do not demonstrate much appetite to (formally) intervene in international sports governance. International sports federations, moreover, are generally outside the scope of national laws and policies. The resulting blanket autonomy many federations have enjoyed for nearly a century has left its traces on the quality of their internal governance. Put simply, the governance of international sport federations, which were mostly established at a time when sport was still an amateur activity, has not been adapted to the current highly commercialised sports governance environment.

A recent study (see sportsgovernanceobserver.org) conducted on behalf of the Danish NGO Play the Game (see playthegame.org) demonstrates that the majority of the 35 Olympic international sports federations have serious deficits regarding three key dimensions of

good governance, namely transparency, democracy, and checks and balances. For instance, most federations do not publish audited accounts, major events are not allocated according to a transparent and objectively reproducible process, and the federations lack robust internal audits, codes of ethics, conflict of interest rules, and enforcement of these principles.

These governance deficits provide opportunity for corruption because they decrease the likelihood that corruption will be uncovered and punished. Until recently, for instance, FIFA did neither have independent ethics and audit committees nor a robust code of ethics. Without such checks, there was plenty of opportunity for senior officials to partake in illicit exchanges.

Joint pressure is needed

International sports federations need to improve their governance in order to mitigate the high corruption risks with which they are confronted. Without responsible governance, not only FIFA but international sports federations in general remain subject to serious corruption risks. However, these organisations often do not feel a sense of urgency to implement better governance. Tellingly, even after the litany of corruption-related indictments enveloping FIFA, insiders noted that the organisation did not seem to feel the genuine need for urgent reform. Eradicating corruption therefore necessitates outside pressure for reforms.

Even though international sports federations are formally highly autonomous entities, they ultimately depend on the support of sponsors, stakeholders, and political actors. While these actors hold significant potential to affect change, it is crucial that they speak in one voice. Indeed, concerted efforts are more likely to be effective. Sponsors, for instance, are powerful stakeholders in sport. Yet the competition among firms for limited sport-related contracts limits the influence of individual sponsors. Simply put, for every brand that threatens to stop sponsoring, a competitor is waiting to take its place. Threats by a limited number of sponsors to withdraw sponsoring agreements therefore often ring hollow. A broad alliance of sponsors, however, can take a stand and push for necessary changes.

By Arnout Geeraert, Post-Doctoral Fellow
at University of Leuven, LINES Institute

Disclaimer:

The Alliance for Integrity makes all reasonable effort to ensure that the information presented on its website is accurate at the time published. Nevertheless, neither the Alliance for Integrity, nor its authors accept any liability whatsoever for correctness, reliability or completeness.

Furthermore, the views and opinions expressed in any guest/external contribution featured on our website are those of the guest author and do not necessarily reflect the opinions and views of the Alliance for Integrity as a whole.

The content on this site is offered only as a public service to the web community and does not constitute solicitation or provision of legal advice. This site should not be used as a substitute for obtaining legal advice from an attorney licensed or authorized to practice in your jurisdiction.