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TRANSPARENCY INTERNATIONAL
the global coalition against corruption

SAFE HANDS
BUILDING INTEGRITY AND TRANSPARENCY AT FIFA

Transparency International is the global civil society organisation leading the fight against corruption. Through more than 90 chapters worldwide and an international secretariat in Berlin, we raise awareness of the damaging effects of corruption and work with partners in government, business and civil society to develop and implement effective measures to tackle it.

www.transparency.org

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Foreword

Building integrity and transparency at FIFA

In the past decade a worrying number of scandals across many sports have hit the headlines. Bad governance and corruption damage not only the image of sport, its federations and representatives, but compromise the positive influence sport has, especially on young people, in spreading the values of good sportsmanship and Olympism.

Sport allows billions of people – be they professional athletes, supporters or amateurs playing for pleasure and health – to experience great emotion, to learn the value of fair play and the importance of rules, and to develop respect for others.

When football's governing body, the International Federation of Association Football (Fédération Internationale de Football Association – FIFA), as well as its confederations, national federations and clubs worldwide, take steps to build integrity, they do more than prevent corruption within their own organisations: the positive impact of their example reverberates globally.

This is the unique responsibility that comes with sports governance today. Failure to meet that responsibility is an abuse of trust, a corruption that robs football of the values and essence that make it so popular.

Transparency is a first line of defence against corruption. By operating transparently, organisations communicate their values and policies to the people they represent and to the public, and show their values translated into action. Transparent organisations set a tone of openness, accessibility and accountability for others to follow, building confidence among stakeholders that they are treated and engaged in an equitable and responsible manner. Not only do open policies and processes enhance an organisation's reputation, they also deter corruption.

In the past 18 years Transparency International has brought many groups to the table to discuss the importance of developing strong anti-corruption and anti-bribery codes and practices. Our approach is one of consultation and collaboration.

In politics, administration and business, money and power have the potential to corrupt the purest of values and the best of intentions. In the past decades, football has gained huge popularity and influence, attracting both power and money. This has given new opportunities for expansion, but has also heightened existing risks and presented new challenges that threaten the sport's reputation and wellbeing, such as corruption and match-fixing connected to the global criminal betting sector.

FIFA's efforts to bring integrity to sport have to start at the top. They count for nothing without good governance, top down, that sends a signal to all those involved in football that there is zero tolerance of corruption throughout the sport.

Those responsible for governing the world of football and ensuring the sport's integrity in this challenging environment must lead by example. In doing so, they send a positive message to the world.

That is why Transparency International believes it is important to make the following recommendations to demonstrate how FIFA can overcome its current problems and become an example and force for integrity, diversity and transparency, one that has a unique opportunity to make a difference in the world of sport, and beyond.

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FIFA: a special case

FIFA is both a non-governmental, non-profit organisation and a global company with huge revenues, unprecedented reach, political clout and enormous worldwide social influence. But unlike a multinational company, answerable to shareholders, FIFA's mandate comes from the member federations represented by officials (i.e. presidents and delegates, mostly working on a voluntary basis) from all over the world, elected bottom up. This means that FIFA is answerable to the 208 national football associations who themselves are partly dependent on the funds that FIFA allocates to them. This lack of mandatory accountability to the outside world makes it unlikely that change will come either from within the organisation or from the grassroots of the football organisations. Moreover, the scale and specific structure of FIFA makes it difficult to adapt what is considered best business practice to the governance challenges it is facing.

Reform, therefore, will have to be innovative: FIFA must adapt what is already proven to work but also introduce new ways of managing its affairs. If done well, this could provide a model not only for the governance of world football but also for other sports that face comparable challenges.

The pressure to reform is coming from everyone who has a stake in the game: the supporters and the teams, the communities of clubs and players, and the sponsors. To these must be added the media, which in many cases has developed an almost symbiotic association with the world of football, as well as governments and international organisations – and finally, due to the massive popularity of the sport, the general public.

Reform must be a collaborative effort that includes FIFA's officials and top management and has the explicit support of the continental and national federations, clubs, sponsors, governments and civil society.

Transparency International, therefore, calls for the creation of a **multi-stakeholder group** drawn from FIFA's stakeholders. Such a multi-stakeholder group would assist the process of re-establishing the credibility of FIFA and world football and would work with FIFA to develop strong anti-bribery and anti-corruption measures. Transparency International would be pleased to assist in establishing and facilitating such a multi-stakeholder group.

This challenge can only be undertaken if FIFA's leadership is clearly committed to reform, and to leading top-down reform: a reform in the overall governance structures that involves an acceptance of accountability and transparency, backed up by a clear plan to institutionalise detailed procedures for dealing with bribery and corruption. The different steps of such a plan are outlined below.

First step: putting the past behind

FIFA has to start with an independent investigation to clear up the corruption allegations from the past and build a foundation for the future.

Two new separate bribery scandals – related to the selection of World Cup host countries in December 2010 and FIFA's presidential election in June 2011 – have made the need for reform urgent. While senior FIFA officials have been suspended or forced to resign, the lack of a fully transparent investigation leaves the root of the problem untouched. Similar scandals have hit FIFA before, and without a comprehensive process that deals with all allegations from the past, with consequences for anyone who has behaved unethically, breached the FIFA Code of Ethics and/or given or requested bribes, the scandals are likely to recur.

Recent decisions of FIFA's Ethics Committee point to a way forward but they only refer to the latest scandals and were taken behind closed doors, without detailed disclosure of the proceedings. The members of the Ethics Committee are appointed by FIFA's Executive Committee, raising doubts about their independence, and not all allegations discussed in the public have yet been dealt with. The work of the Ethics Committee should therefore be embedded in a broader approach to avoid any suspicion of bias.

A transparent investigation carried out by an independent entity (for example, including forensic accountants and special investigators with anti-corruption experience), chosen in a transparent way after a public tender, would demonstrate FIFA's commitment to a new era of openness and accountability. This investigation should be supervised by an independent body – either the multi-stakeholder group described above or another small group made up of people with solid reputations and, if possible, track records in organisational governance and anti-corruption.

In addition, we recommend that FIFA sends a signal of change to the public by affirming for its part the public interest in the outcome of the long-running International Sports and Leisure (ISL) bribery scandal related to the sale of football TV rights. In doing so, FIFA could help to end, or at least accelerate, the pending Swiss court case on whether to release documents relating to the 2008 case that dealt with ISL's financial collapse.

Good governance and transparency: new procedures

A new era for FIFA requires a review of its internal governance and the introduction of transparency and accountability into its decision-making processes and operations. This is a critical step that FIFA must take if it is to become a sustainable, accountable and transparent organisation.

Transparency and accountability in an organisation like FIFA means that all those involved in football need to understand the governance structure, policies, procedures and, above all, the finances of the organisation. They have to see how funds are used through more detailed reporting.

At the moment, FIFA is not fully open to outside scrutiny. Although accounting and reporting standards have been implemented in the past years, thus increasing transparency in administration, the officials leading world football still give the impression of operating as an "old boy's network". With only three presidents since 1961 and the current president in his fourth term, FIFA does not match standards for rotation of top positions set by businesses or by other large organisations.

There needs to be greater transparency, especially around the internal roles and responsibilities in FIFA's decision-making processes, the criteria that determine individuals' remuneration, benefits for officials, and payments and grants to confederations and member federations. Decision-making procedures should receive input from independent sources, such as non-executive directors or supervisory boards in the private sector. Both FIFA and the confederations and national federations should assure prompt publication of understandable and comprehensive reports – reports that contain more than financial data – so that the sources of funds, and their allocation, are clearly communicated.

The way forward

To limit the danger of bribery and corruption, FIFA should – under the guidance and scrutiny of the multi-stakeholder group – follow the principles set out in leading anti-bribery codes, such as the Business Principles for Countering Bribery[1].

There are six key principles applicable to FIFA:

1. The organisation's commitment to a public policy of **zero tolerance of bribery** must be backed up by a transparent, published implementation process that is monitored and evaluated.

2. The organisation should develop a programme that clearly and in reasonable detail **articulates values, policies and procedures for preventing the occurrence of bribery** in all activities under its effective control.

3. The programme should be tailored to **reflect the organisation's particular circumstances and culture**, taking into account such potential risk factors as size, sector, the nature of the organisation's activities and locations of operation.

[1] Transparency International, *Business Principles for Countering Bribery*, www.transparency.org/global_priorities/private_sector/business_principles

4. The programme should be **consistent with all laws relevant to countering bribery** in all the jurisdictions in which the organisation has operations.

5. The organisation should develop the programme in **consultation with employees and other key stakeholders including trade unions or other employee representative bodies**.

6. The organisation should ensure that it is informed of all **internal and external matters material to the effective development and implementation of the programme**, and, in particular, emerging best practices including engagement with relevant interested parties.

As noted above, the governance of international sports federations poses specific problems. These anti-bribery principles have to be adapted to FIFA: all measures should involve officials at all levels, and include other relevant groups such as referees, players and players' agents to the extent that they are under FIFA's specific control and/or influence. This may require the development of specific procedures and a step-by-step approach and could be reflected in special reporting standards on anti-corruption following consultation with external experts.

Applying such an anti-bribery programme would provide FIFA with a sound starting point to show stakeholders it is serious about tackling bribery. Transparency International has developed a six-step implementation process to help organisations put the above principles – or similar ones – into action[2].

Putting anti-corruption policies into practice

In June 2011 the president of FIFA announced that the organisation is committed to revising its Code of Ethics and creating a new Code of Conduct. In doing this, FIFA should consider the following guidelines proposed by Transparency International as a framework for reforming FIFA's governance structures and anti-bribery policies and processes.

1. Review the code of ethics

FIFA should set up a committee of insiders and outsiders to review its code of ethics for the organisation and its officials (be they elected or appointed, paid or unpaid) and employees. To be effective, the code must state how officials and/or volunteers are expected to act in identified high-risk areas. It should be supported by guidelines that include:

i. Clear **conflict of interest** policy with a transparent interests register for leaders (published, for example, on the FIFA website)
ii. **Disclosure** of income of leading staff members as well as remuneration of members of the Executive Committee and other key bodies
iii. Guidelines for giving and receiving **gifts** at all levels of football governing bodies.
iv. Reporting and approval rules for **invitations** received by FIFA officials, staff and volunteers
v. Special guidelines for **high-risk areas** (see point 2.ii below)

This code of conduct or code of ethics must form the set of principles and policies that all those within the organisation are obliged to sign up to. With this code, FIFA should make a statement that it intends to embody high standards of integrity and enforce a zero-tolerance approach to bribery of any nature. The code should be clear, detailed and unambiguous, closing all potential loopholes, exclusions and possibilities of misinterpretations, supported by internal controls and means for enforcing it.

FIFA should establish a **help desk** to answer questions from anyone to whom the code applies about handling difficult situations (for example, how to deal with a specific invitation, or which gifts might be appropriate in a specific situation), providing anonymity if required. Advice for key management

[2] Transparency International, *Six-Step Implementation Process*, www.transparency.org/global_priorities/private_sector/business_principles/six_step_implementation_process

personnel, including the FIFA president, must be available from outside the FIFA hierarchy to prevent conflicts of interest.

2. Review of organisational structures

i. Key Management Personnel (Executive Committee members, General Secretary, Directors, Deputy Directors and Subdivision Directors including their deputies)

FIFA should address the way it appoints officials. This would set an example for confederations and national federations, whose leaders sit in the FIFA Congress. This could include introducing:

- A maximum of **two terms** for positions including the Executive Committee and the Finance Committee
- Transparent and competitive **elections** and appointment processes
- Wider **representation** of stakeholders and diversity on the Executive Committee and other committees
- Presence of **non-executive (i.e. external) directors** to the Executive Committee, Finance Committee and all major bodies

The general secretary and the directors should be appointed for a set time-limit (for example five years with reappointment).

ii. High-risk areas

FIFA should identify enhanced anti-bribery measures such as job rotation and involvement of independent external experts in assessed areas of high risk, which would include:

- Awarding of World Cup **hosting** rights
- Decisions regarding **financial support** for confederations and member federations, including discretionary allocations by FIFA executives
- **Remuneration, bonuses and all other kinds of benefits and payments to officials**
- TV and sponsorship **contracts**
- Ticket **sales** and distribution
- Investigations into **match-fixing**
- **Intermediaries** acting on FIFA's behalf

iii. Strengthening existing transparency measures

In the last decade FIFA has established new procedures and standardised forms of internal control, reporting and auditing. It has launched local and central auditing procedures for the Financial Administration Program (FAP) and the Goal Program.

FIFA must ensure adherence to its code of conduct not only from its employees but also from FIFA officials, including delegates at the FIFA Congress (who usually come from national federations or confederations) and all other persons as far as they play a constitutive role and are paid in one way or another (for example by receiving travel expenses) by FIFA.

In order to demonstrate FIFA's commitment to high standards of internal control, reporting and auditing in a comprehensive manner, we recommend that the multi-stakeholder group assesses the current standards, paying special attention to:

- Financial- and accounting-related risk, **with appropriate separation of duties on all levels.**
- Setting up a **remuneration committee to decide on the remuneration packages,** including bonuses, pensions, etc. of all senior FIFA officials. It should be guided by clear criteria, which should be decided by a larger decision-making body. Membership should include both internal FIFA and external (independent) representatives, the chair being one of the independent members. A report by the remuneration committee should be published in FIFA's annual report. (These recommendations parallel good practice in the business world.)

- Publishing an **overview on how much money is paid to each confederation and member federation**, including payments from the emergency fund and any other budget line item.
- Publishing the **audit reports** from the local as well as from central independent auditors to give an account of the financial control system.
- Establishing an "**Audit from below**" i.e. publishing the use of funds in detail per confederation and member federation, so that interested parties can see whether the payments made match the services and/or goods/infrastructure received.
- Adaptation of the voluntary International Financial Reporting Standard (IFRS), which FIFA uses, to take into account the special nature of FIFA and the **requirements of its different stakeholders**. Unlike a public company, FIFA is not beholden to shareholders but a variety of stakeholders that require different information about FIFA's financial and non-financial performance. FIFA should consider what information is required by these groups and how best to present it. The combination of these sets would produce – step by step – the resulting overall reporting contents.

Given FIFA's exposed position and the current crisis of trust, there is a need for additional transparency and more detailed public reporting. Public reporting cannot be limited to financial information; it must also disclose the criteria for, and processes behind, decisions made at the top.

In addition there should also be formalised and consistent reporting on anti-corruption activities integrated into already established reporting processes (e.g., accounting). This will provide a reliable and measurable way to monitor internal operations.

Reporting publicly on anti-corruption measures shows everyone concerned, not only staff but **all** elected and appointed representatives, contractors, volunteers, players, referees etc., that the fight against corruption is taken seriously ("What gets measured gets done"). It publicly defines zero tolerance for corruption.

We recommend that this kind of reporting follow the UN Global Compact - TI Reporting Guidelines[3] because these were developed by a multi-stakeholder group and subjected to a public consultation.

This would result in the following benefits:

- strengthening **anti-corruption behaviour**, including better risk management and **compliance**
- encouraging and supporting employees, volunteers and players in **resisting corruption**
- providing management with a foundation for analysis of **progress, planning and continuous improvement**, and
- **motivating employees, volunteers and players** to be proud of the organisation's integrity and reputation

iv. Investigations and sanctions

FIFA needs clear published guidelines for the initiation and execution of investigations. These could include:

- **Whistleblower** protection rules and the appointment of an independent ombudsman
- Each suspicion has to be **investigated professionally**, by a body independent of the Executive Committee (see "First step: putting the past behind" above)
- Review of composition as well as competences of the **Ethics Committee and Appeal Committee**. The bodies should be independent with clear appointment criteria, election processes, etc. The Ethics Committee should have the right to **start investigations on its own initiative** not just to follow up on referrals, whether from the Secretary General, members of the Executive Committee and continental and national federations.
- Each breach of rules/code of ethics must have **consequences.** If a list of offences and sanctions is published, no board decisions will be seen as arbitrary.
- Any breach of criminal law must be referred to the appropriate authorities for **prosecution**

[3] www.transparency.org/publications/publications/other/ungc_guide_10th_principle_against_corruption_10122009

3. Implementation strategy

The next challenge is implementation of the principles. This is where a multi-stakeholder group would play an important role, because it would promote broad consultation across the FIFA movement at continental and national level and among all other interested parties.

i. Communications policy and training

FIFA officials and employees, volunteers, referees, players, players' agents and others should commit to the code of ethics and be aware of the sanctions process. For this to happen, they need to receive:

- Clear communications materials
- Training modules, including e-learning
- Dissemination of information about advice and whistleblower hotlines (internal or preferably external)
- Communication about the sanctions process

FIFA would set this out in a procedural handbook supported by communications and training that would become mandatory for all federations. If there is a lack of administrative skills in some member federations, a simpler but nonetheless transparent approach – with development steps to be achieved in the future – can be used.

Clear responsibility for the implementation process and all reporting lines would need to be made public.

ii. Monitoring and reporting

FIFA, as well as its confederations and national federations using money allocated by FIFA, should report annually on anti-corruption policies and their implementation, as well as on any bribery allegations and the actions taken.

Oversight and responsibility for the governance and integrity of FIFA lies with the FIFA Congress and the Executive Committee: the role of their members is critical in ensuring that the anti-corruption programme is implemented effectively and monitored. The implementation and monitoring process can be supported by the multi-stakeholder group.

Responsibility should be allocated to a senior person or a newly established audit committee to oversee the monitoring process, not the same person responsible for the implementation.

- The monitoring process can be outsourced
- Regular monitoring reports should go to the president and the governing body and – as long as it exists – the multi-stakeholder group
- In cases of severe lack of credibility/reputational damage, FIFA should employ independent assessors to report on the effectiveness of the anti-corruption efforts
- Yearly reports on investigations/sanctions:
    - A group of officials, not just the president, should take responsibility for the annual public reporting of the anti-corruption efforts
    - Likewise, a senior group of officials should decide whether an independent review of the implementation and monitoring processes is necessary

FIFA should initiate and support similar programmes in each continental and national federation, as well as in each professional team/club. It could mandate compliance with the programme as a condition for participation in FIFA World Cups and other FIFA competitions, as well as for receiving FIFA funds.

All of FIFA's member organisations – the 208 national federations and six regional confederations – would have to implement accounting processes to make all disbursements transparent, and establish a monitoring and evaluation system to "follow the money".

The organising committees for all events under the direct control of FIFA, especially the FIFA World Cup but also FIFA Women's and Youth tournaments, should be obliged to use Integrity Pacts[4] (anti-corruption contracts) for any construction projects and to publish reports under the new Sector Supplement Events of the Global Reporting Initiative, which provides guidelines for Corporate Social Responsibility.

Conclusion

Throughout its history, the workings of football's governing body have been opaque. However, people across the world, in all walks of life, are calling for an end to "business as usual" and demanding accountability from those in power. If FIFA wants to rebuild trust it must embrace transparency.

Football's governing body must be an example of the fair play that it promotes on the pitch. That is why it is so important for FIFA to address the wave of corruption allegations with a thorough, independent and transparent investigation, and why it should undertake the reforms recommended above.

Football is the world's most popular game with a global fan base numbering in the billions. It is a role model for youth everywhere and few bodies have such an opportunity for delivering a message of fair play, integrity and respect for the rule of law. A strong governance structure that explicitly rejects bribery and corruption, and officials, management, employees, volunteers and players committed to implementing a concrete anti-corruption programme, will send a strong message to the world. That is the way forward.

[4] Integrity Pacts were designed by Transparency International to limit corruption in public contracting. They include an independent monitoring system under the leadership of civil society, which ensures increased accountability of spending. www.transparency.org/global_priorities/public_contracting/integrity_pacts

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