

Procuring Infrastructure for International Sport Events

Professor Sue Arrowsmith

Achilles Professor of Public Procurement Law and Policy,
University of Nottingham, UK

sue.arrowsmith@nottingham.ac.uk

OUR GAMES WERE
CLEAN AND ON BUDGET

OUR GAMES WERE
DELIVERED IN TIME AND
ON BUDGET



IPACS

- International Partnership against Corruption in Sport (IPACS)
- Launched 2017
- Core group: International Olympic Committee (IOC), Council of Europe, OECD, United Nations Office on Drugs and Crime (UNODC) and UK Government

IPACS

- Objectives of Task Force 1 (led by OECD)
 - To map procurement standards to the context of sport
 - Using public procurement standards of international organisations etc
 - Done by University of Nottingham/OECD
 - To develop guidelines and tools for managing procurement risks, including integrity, in *public* procurement of sporting events
 - Showcased through pilot projects

Events mapped for IPACS

EVENTS (10)

Winter Olympics, Vancouver, Canada, 2010

Winter Olympics, Sochi, Russia, 2014

Summer Olympics, London, England, 2012

Summer Olympics Rio de Janeiro, Brazil, 2016

Youth Olympics, Buenos Aires, Argentina, 2018

World Cup, South Africa, 2010 (soccer)

The World Games, Wrocław, Poland, 2017

16th Asian Games, Guangzhou, China, 2010

XIX Commonwealth Games, New Delhi, India, 2010

Central American and Caribbean Games, Veracruz, Mexico, 2014

Additional events

EVENTS (4)

Commonwealth Games, Gold Coast, Australia, 2018

FINA World Championships, Budapest, Hungary, 2017 (aquatics)

African Games, Brazzaville, Republic of the Congo, 2015 - no mapping

Africa Cup of Nations , Gabon, 2017 (soccer) – no mapping



Areas covered by the map

- Who did the procurement?
 - Public sector (infrastructure)
- Availability of information
- Nature and design of the procurement
- Planning phase
- Risk management activities
- Procurement procedure – legal framework and practice
- Contract execution e.g.
 - amendments and extra payment
 - delivery on time?

Findings

1. Sue Arrowsmith et al: see further resources
2. IPACS Task Force 1 Report, *Mapping of procurement standards and risk management activities in the construction of infrastructure for sporting events* (2019)

Procurements mapped (around 90)

- Substantially all venues for smaller events
 - Wroclaw, Budapest, Vera Cruz, Buenos Aires
- Major venues plus some others for London, Rio, New Delhi
 - Last two influenced by information available
- Some non-venue procurement for above (sport-related e.g. villages, and general e.g. transport improvements)
- Limited procurements for some:
 - Sochi, Guangzhou, Vancouver, South Africa; again influenced by information available

Sources

- Public information



- Questionnaires



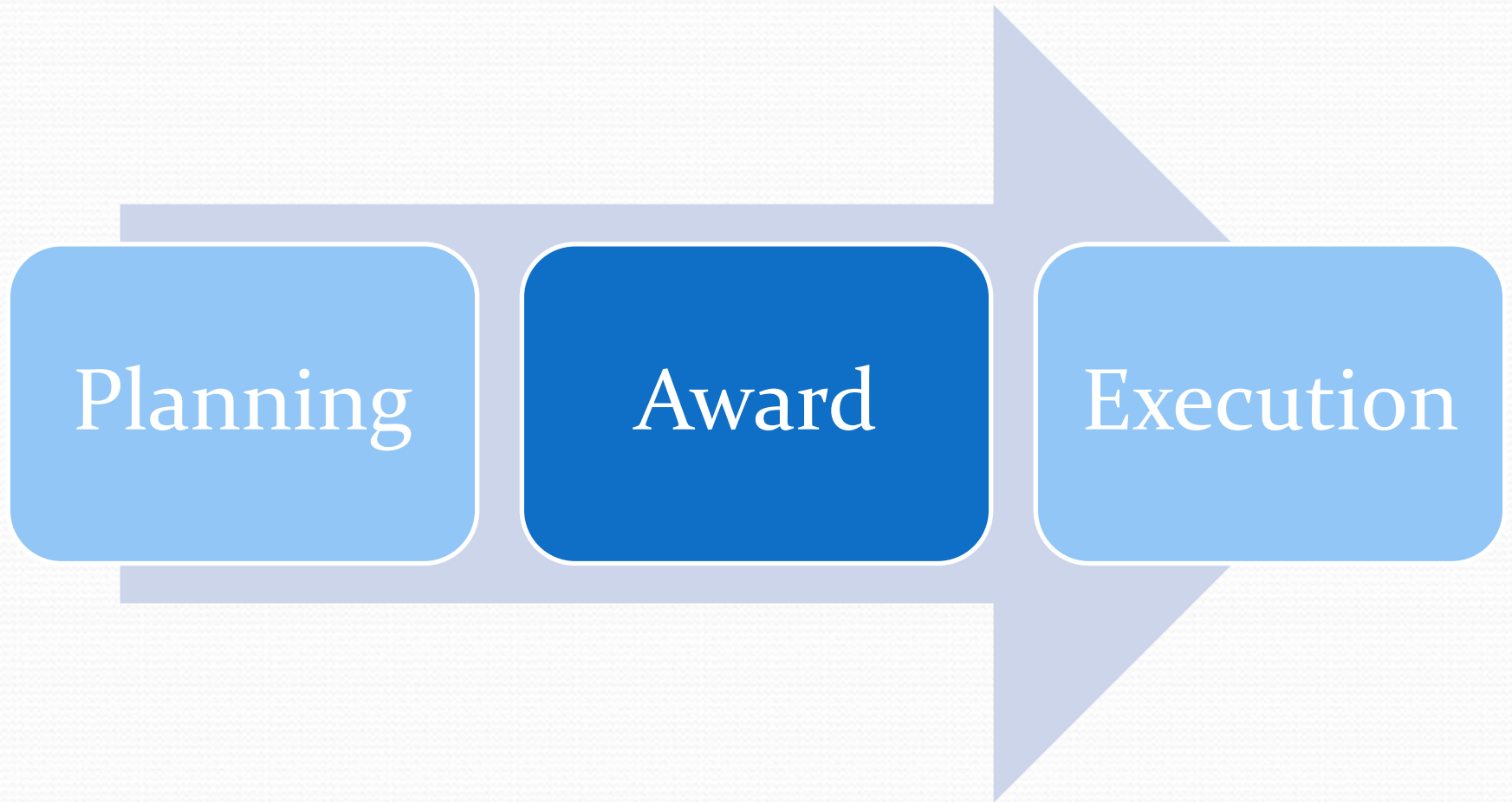


Outline of the map 1: public information

(first half of 2018)

- Very variable between events

Outline of the map 1: public information



Outline of the map 1: public information

- Affected by:
 - Transparency policies
 - Extent of compliance at the time
 - Use of electronic means?
 - Removal from public domain
 - Because responsible bespoke entities wound up
 - Archiving/removal over time

Outline of the map 2: procuring entities

- Almost wholly public entities
 - Sochi: many semi-public
 - Occasionally private

Compare procurement for supplies and services

- often done by Local Organising Committees (LOCs)

Outline of the map 2: procuring entities

Permanent bodies

- Most in this category
- Sometimes many different levels/types/numbers
- Some special units with these

Bespoke bodies

- Four of 12 (mainly mega-events)
 - Sochi
 - London
 - Vancouver
- Budapest (some sporting infrastructure)

WHAT DO YOU MEAN,
THE ATHLETES' VILLAGE
ISN'T READY !?!

CHILLAX!
EVERYONE KNOWS
PROCUREMENT NEVER
HAPPENS ON TIME!



Outline of the map 3: public procurement regulation

- Illustrates challenges of fixed deadlines
 - Only one failure to deliver (Vera Cruz village)
- Pressure for use of exemptions/non-compliance
 - New Delhi
 - Budapest

Outline of the map 3: public procurement regulation

- Illustrates potential for reform legacy
 - Rio (Differentiated Contracting Regime)
- Also legacy seen in integrity strategy more generally
 - Rio
 - London

Outline of the map 4: nature and design of the procurement

- Mainly Design and Build
 - Several exceptions
- Almost no use of private finance
 - Villages

Outline of the map 5: procurement procedures

- 71 of 75 mapped for the 10 IPACS projects were by open public tender (others direct award)
 - Note all procedures of EU Directives considered open, other than negotiated procedure without call for competition

Outline of the map 5: procurement procedures

- Budapest
 - Law exempt all from open tender
 - Privately invited bids for all 6 major procurements, with very short time limits

Integrity issues

(Not part of the “map”)

- Significant integrity issues/allegations in 6 of 12 events
 - Sochi
 - Guangzhou
 - Rio (but positive legacy?)
 - Vera Cruz
 - New Delhi
 - South Africa (bid rigging)

Cost

(Not part of the “map”)

- Significant cost overruns from bid to budget (more than average for major infrastructure)
- Not always a correlation with integrity issues
 - E.g. London considered “clean” - but most expensive summer Games, highest cost per athlete and 3-fold cost overruns (although not mainly during procurement phase?)
 - Rio: median cost overruns for post-1999 Olympics

IPACS: key messages

Planning

Award

Execution

IPACS: key messages

- *Mitigating integrity risks requires more strategic information collection*

Note: equally relevant for non-infrastructure procurement (often not public sector)

IPACS recommendations

- Sport federations, governments and their entities and oversight bodies should agree on information strategies
 - Information should include map of responsibilities to facilitate overall risk management
 - Information to be retained to provide lessons for future events

IPACS recommendations

- Need to consider recording procurement data, in a standard, consistent, error-free manner and in a searchable and otherwise usable form, also allowing for integration of data on award and execution
 - Can help flag integrity risks e.g. collusion
 - Also facilitates stakeholder oversight generally

IPACS recommendations

- More focus on pre-tender planning and market engagement

IPACS recommendations

- For the tendering stage, better practice within the (public sector) legal framework, including:
 - Less use of lowest price
 - Better planning for use of competitive procedures

IPACS recommendations

- More focus on contract execution, including governance mechanisms for amendments
 - E.g. claims processes and negotiation of amendments
 - Contrast with legal frameworks for tendering

IPACS recommendations

- Clear internal and external reporting lines
- Training e.g. on identifying bid rigging

IPACS: recommendations and action

- Checklists for:
 - Governments and sport federations
 - Implementing agencies



- IPACS to produce risk assessment tools based on these to be piloted in an actual event

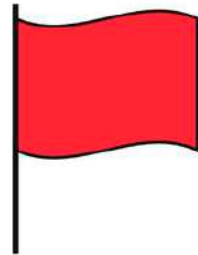
Open Contracting

= an approach to procurement that can help with many of the key messages/issues raised in the IPACS checklists
– including in the neglected planning and execution phases

Supplement (but an important one) to other measures

Open Contracting

- Systematic gathering and publication of all information/documents in *usable* form
 - Limits (e.g. commercial confidentiality)
- Allows analysis monitoring by organisers *and* other stakeholders
 - E.g. indicators of collusion
- Covers *all phases*



Open Contracting

- Open Contracting Partnership
 - “Aims at a shift in the global default of public contracting and procurement from closed to open”
 - Provides assistance

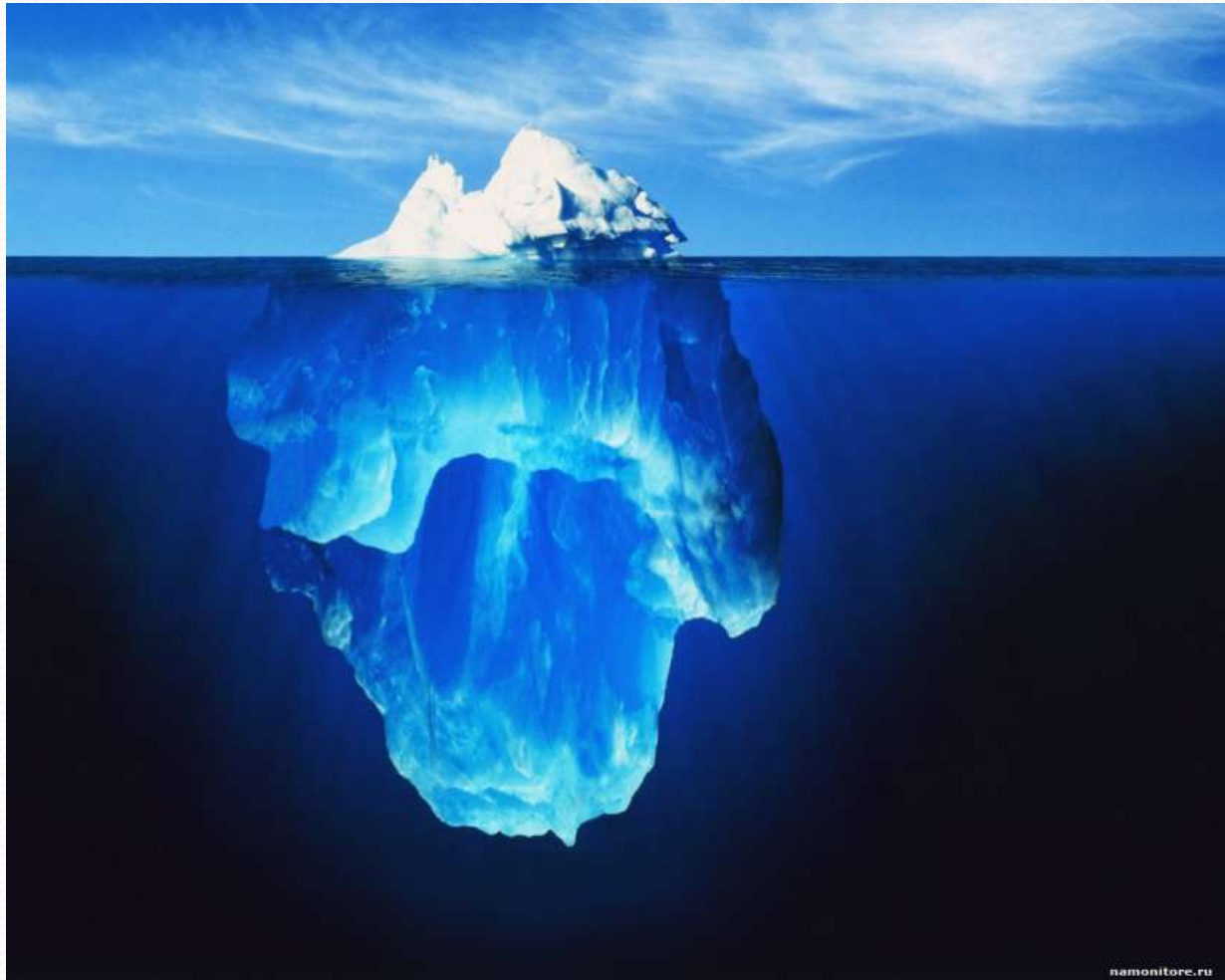
<https://www.open-contracting.org/>

Open Contracting

- Open Contracting Data Standard

“...enables users and partners around the world to publish shareable, reusable, machine readable data, to join that data with their own information, and *to build tools to analyze or share that data*” (emphasis added)

Caution: systemic issues



References

- IPACS Task Force 1 Report, *Mapping of procurement standards and risk management activities in the construction of infrastructure for sporting events* (2019) <https://www.oecd.org/gov/public-procurement/mitigating-corruption-risks-procurement-sporting-events-IPACS.pdf>

References

- Sue Arrowsmith, Nobel Ashraf-Ul-Bari, Anna Gorczynska, Joshua Idoku, Steven Kay, Jorge Faria Lopes, Carlos Sebastian Barreto Cifuentes, Geo Quinot, Ke Ren, Astghik Solomanyan, Izabella Sobieraj, Gabor Soos, Alex Thurston, “Procuring infrastructure for international sport events: mapping the field for IPACS and beyond” (2019) 28 *Public Procurement Law Review* pp.257-318
- See also, Working paper, “Procuring infrastructure for international sporting events: an outline map and three case studies”, publicly available at: <https://nottingham-repository.worktribe.com/output/2523535>

References

- Sue Arrowsmith, “Procurement and Sport Organizations”, in T. Slack, T. Byers, & A. Thurston (Eds.), Understanding Sport Organizations (3rd edition), forthcoming, Champaign, IL: Human Kinetics.Ch.24