

‘Playing by the rules: Financial fair play and the fight against corruption in sport’

Public hearing organised by the European Parliament, 18 December 2012.

Intervention by Jens Sejer Andersen, International Director, Play the Game & the Danish Institute for Sports Studies

Ms Chair, distinguished Members of Parliament, ladies and gentlemen,

The unrivalled success of sport as a global entertainment industry has come at a high price. The old amateur structures have not been able to defend the best interests of sport against an invasion of people who use sport as a vehicle for fast, unethical and sometimes illegal business practices.

It is fair to say that the relation between the sports movement and the surrounding world has come to a cross-road. Therefore, I compliment you on staging this hearing and on behalf of Play the Game I would like to express our warm thanks for the invitation to contribute.

Since 1997, Play the Game has staged seven international conferences on the light as well as the dark sides of sport: on the one hand, it addresses the positive impact of movement culture, and, on the other, it looks at problems such as doping, corruption, match fixing and various forms of political and human abuse in sport.

More often, we have found that whatever challenge that we have been talking about, the solution would depend on something that is difficult to find: honest, efficient and democratic leadership – or to sum it up:

Good governance in sport.

Therefore, my focus within this very narrow time frame will be on the need for good governance and the role that the European Union can play in getting sport back on a democratic track.

Let me first take you back to the EU Sports Forum in Budapest in 2011, where at the end of a marathon debate, a little rounded man grabbed the microphone from the floor.

He said that corruption was everywhere in the international sports federations. It was influencing elections, allocation of mega-events, even doping tests, everything. He called for public awareness, because without the help of the public no solutions could be found. He urged the EU Commissioner to intervene.

If nothing happened, the future would be difficult. New groups of sport leaders were emerging from countries where money seemed to grow on trees, and they could buy all the influence they wished.

This warning did not come from a radical anti-corruption activist. It came from a sports leader with four decades of experience on the international arena, the Hungarian President of the International Weightlifting Federation, Tamás Aján, honorary member of the International Olympic Committee.

His words point to the fact that football has no monopoly of bad governance, although it is fully justified that FIFA is currently under public scrutiny. Allow me two examples from other sports.

One of the richest federations, the international volleyball federation FIVB, was for 24 years – from 1984 to 2008 – presided by Ruben Acosta from Mexico. He introduced two special rules: one was that anybody that signed a sponsor or TV contract on behalf of the FIVB, could cash in 10 percent of the contract sum as a personal bonus.

The second rule was that the president signs all contracts... when a few courageous officials started voicing critics, Ruben Acosta introduced a code of ethics by which he authorized himself to expel dissenting persons. And so he did.

The FIVB has admitted in secret documents that Acosta got away with a personal profit of at least 33 million US dollars.

The price of Acosta's regime was paid by the sport, and by the many well-merited volleyball leaders that were banned for life from their beloved sport, so they could not even enter their local club.

For one volleyball leader, the man who exposed Acosta's corruption to the world, the consequence has been brutal. The former president of Argentine volleyball, Mario Goijman, started to criticize Ruben Acosta when Argentina hosted the World Championships in 2002. As a consequence, Acosta excluded Goijman and the entire Argentine federation, and, to this day, the FIVB still refuse to pay the Argentinian volleyball federation around 800,000 dollars owed for the tournament.

This has proved disastrous for Mario Goijman, who personally guaranteed for big loans to be taken up to secure a successful event. Once a wealthy businessman, Mario Goijman is today financially and psychologically ruined. Earlier this year he was evicted from his home by the police, and he cannot afford the medicine he needs.

Fate has been kinder to the handful of men who followed the corrupt FIVB President as his 'yes'-men. They have distributed undisclosed, but apparently large, salaries among themselves after securing a narrow victory three months ago in the first democratic elections at the FIVB for 65 years. The President of European volleyball, André Meyer from

Luxembourg, is part of this group that denies responsibility for correcting the errors from their dubious past.

International handball has for twelve years been ruled by the Egyptian Hassan Moustafa who has travelled for more than 400,000 Euros without presenting receipts. He took 600,000 Euros as a private consultant to the German sports marketing company Sportfive who later acquired handball's TV rights, he has personally intervened in Olympic qualifiers and in the anti-doping operations, and he has replaced a number of senior officials that tried to stick to the rules.

When the European Handball Federation launched its own candidate for handball president in 2009, Hassan Moustafa simply cut his rival's microphone and was re-elected with an overwhelming majority.

You will find similar situations in a number of sports. But although they all deserve more interest than they get, none of them can compare with the biggest corruption system documented so far in world sport, the so-called ISL scandal.

ISL was once the undisputed leader in the business of buying and selling broadcasting and marketing rights in sport. It has been established by the Swiss courts that in order to reach this dominant position, the ISL paid out at least 160 million Swiss Francs from 1989 to its bankruptcy in 2001 – more or less 100 million Euros – as bribes to officials from a broad range of sports.

Thanks to tireless work by the Swiss magistrate Thomas Hildbrand and a handful of investigative journalists from the UK, Germany and Switzerland, we now know a few of the names that took money, mainly leaders from FIFA.

But, please bear in mind that 90 percent of the 100 million Euro bribes are still unaccounted for, and after ten years of silence the sports movement still refuses to investigate who in their own ranks took the money. Perhaps some of them are still holding high positions?

The IOC introduced a series of internal reforms in 1999 as a response to public outrage over a corruption scandal related to the Salt Lake City Winter Games. The IOC administers these reforms quite strictly, so no IOC member can be overtly corrupt.

However, the IOC is failing its political and moral obligations to secure high ethical standards in the international federations, the so-called “Olympic family”. In spite of having defined a set of “Universal principles of good governance in sport” action is rarely taken to implement these principles, and sanctions are only given when irrefutable evidence is provided by others, typically the media.

Also in the case of FIFA, it was massive public pressure that forced FIFA to initiate a reform process. Where will the reforms lead?

You will find two contrasting schools among observers and stakeholders. The one which I belong to says that real reform is impossible under a president who has developed and protected a corrupt system since 1976. But another, pragmatic and valid viewpoint, says that it is impossible to change FIFA without this president, because only he can block the way from those who struggle to avoid reform.

One thing is absolutely sure: If you and I turn our eyes away from FIFA, the reform process will come to a halt faster than any of us can say “money”. At a debate we organised for the European Association of Sports Management recently, the two top reformers of FIFA, Swiss governance expert Mark Pieth and German exco member at FIFA, Theo

Zwanziger, appealed to the public, asking for “critical accompaniment” with an equal emphasis on both words.

I am confident that everybody in this room shares the idea that an independent association life is a vital component of a democratic society. On the other hand we cannot allow associations to become shelters for those who abuse this freedom to practice corruption and even crime, with no respect at all for the basic values of society.

It is high time for you to as politicians to react to what is happening in sport. Let me point to some actions you can take without compromising the autonomy of sport:

- 1) It is your right and duty to protect tax-payers' money. Sport is receiving massive public subsidies at all levels, from support to grass-root activities and local sports facilities, to investment in bidding campaigns for big events, grants to Olympic athletes, elite sport structures etc.

Governments and other public authorities are entitled to set the necessary conditions to ensure not only that these grants are used exclusively for their purpose, but also that the beneficiaries live up to certain standards for democracy and transparency.

- 2) At the European level, you can uphold a permanent pressure on the European and international sports organisations, demanding that the ISL affair, the World Cup bribery allegations, the volleyball scandal and other major affairs are fully investigated, errors corrected and cases of possible criminal conduct taken to the courts.
- 3) You can define standards of governance for those sports organisations which seek formal cooperation with the European Union. Such work has already begun in the framework of the Expert Group of Good Governance in Sport established by the Council of

Ministers, as well as in a number the Preparatory Actions financed by the Commission.

One of these actions is run by Play the Game and the Danish Institute for Sports Studies and entitled Action for Good Governance in International Sports Organisations, in cooperation with six European universities and the European Journalism Centre. We will present an open tool to measure standards of governance in sport in April, and we invite you to join the launch event.

- 4) Another way of taking the debate forward could be to arrange a European or – even better – an international conference on all forms of corruption in sport. This call was sent to the IOC from 300 sports experts at the Play the Game conference in 2011 in Cologne, but so far the IOC has not listened.
- 5) You can insist on the issue of better governance in sport on at least two events in 2013, UNESCO's fifth conference for sports ministers, Mineps V, in Berlin in May and our own Play the Game 2013 conference in the autumn.
- 6) Last, but not least, I suggest Europe should take the lead in creating an international clearing house on governance in sport, an institution that will permanently monitor and provide information exchange on how to prevent all kinds of corruption in sport.

Ms Chair, honoured Members of Parliament, it seems that the plea of Tamás Aján has been heard. The EU has started taking action. I hope your hearing today is only the first step towards pursuing more transparency and democracy and less corruption in sport. Play the Game remains at your disposal with our working experience, extended international network and readiness to cooperate in the field.

Thank you!