



INTERNATIONAL
OLYMPIC
COMMITTEE

PROCUREMENT OF MAJOR INTERNATIONAL SPORT-EVENTS-RELATED INFRASTRUCTURE AND SERVICES

Good practices and guidelines for the Olympic movement





Foreword

For more than a decade, the International Olympic Committee (IOC) has underlined the importance of, and undertaken a strong commitment to supporting and encouraging actions related to, preventing the risks of corruption in sport. Among the IOC's initiatives in this regard is the International Partnership Against Corruption in Sport (IPACS), a multi-stakeholder platform set up to bring together Olympic Movement sports organisations, governments and intergovernmental organisations to address specific areas of corruption in sport.

Procurement has been identified by IPACS as one of the critical areas in terms of risks of corruption if the various challenges are not appropriately addressed, especially in regard to the infrastructure and services related to the organisation of major international sporting events. Therefore, the IOC decided that there was a need to aggregate the existing international standards and policies, while also looking at the experience of a wide range of experts in the field, to serve as an example and provide lessons for future organisers.

The IOC experts set up a study group aimed at creating this practical tool and guide, which assists, supports and orientates forthcoming Olympic and Youth Olympic Games Organising Committees in the appropriate organisation and management of the procurement of infrastructure and services. This publication puts forward for consideration a number of good practices in the procurement of infrastructure and services, based on international standards and practices and professional experience.

These Guidelines have been prepared by Hervé Rey and Elypse on behalf of the IOC. The IOC wishes to thank Hervé Rey for his outstanding contribution in preparing these Guidelines.

The IOC also acknowledges with profound gratitude the Organisation for Economic Co-operation and Development (OECD), and in particular Matthieu Cahen, for bringing in his expertise.

The IOC wishes to thank all those who have been interviewed for the purposes of this study.

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Cover pictures: Tokyo National Stadium, Tokyo (permanent venue) and Urban Sports Arena, Paris (multisport temporary venue)



Table of contents

Executive Summary	4
Introduction	6
Methodology	8
Key procurement guidelines and recommendations	9
Preamble	9
Golden Rule #1 Analyse the local procurement framework and define the optimum procurement operating process	10
Golden Rule #2 Define and implement a robust procurement governance	12
Golden Rule #3 Secure experienced resources	14
Golden Rule #4 Ensure healthy tendering competition within the appropriate audience	15
Golden Rule #5 Guarantee transparency during the whole procurement cycle	16
Golden Rule #6 Define appropriate and precise procurement timetables early	16
Golden Rule #7 Implement an integrated approach of cost and budget management with procurement	17
Golden Rule #8 Integrate sponsorship considerations into the global procurement strategy	18
Golden Rule #9 Conduct a precise analysis of technical regulations	21
Golden Rule #10 Develop a comprehensive scope of work and services and detailed tender documentation	22
Golden Rule #11 Define and implement a robust evaluation process	24
Golden Rule #12 Develop a robust contract management strategy before tender release	25
Golden Rule #13 Anticipate, prevent and manage fraud, bid rigging and corruption risks	26
Conclusion	29
Checklists	30
Appendices	44
Outline of specialists' and experts' interviews	44
Bibliography – References	46

Useful Tips for Viewing this Document on Screen

Several functions that are viewable only on screen have been added to simplify viewing, in accordance with the needs of each reader as direct links to page references, printing or downloading specific pages, filling the columns of the table on screen, etc. Note that depending on your version of Acrobat Pro or Acrobat Reader, some of these features may not work well.

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Executive Summary

The organisation of Major Sport Events, notably the delivery of related infrastructure and services, faces ever-present risks of inefficiencies, corruption and serious misconduct. The need to meet tight deadlines and manage the large resources required for these projects exposes them to financial and reputational risks.

Initial analyses conducted by the International Partnership Against Corruption in Sport (IPACS) evidenced the links between corruption and procurement inefficiencies, both responsible for putting ethical and financial pressure on sporting events.

Therefore, to complement the work already done, the following paper was developed under the leadership of two founding partners of the IPACS (the International Olympic Committee, IOC, and the Organisation for Economic Cooperation and Development, OECD). It outlines dimensions supporting the efficient procurement of major international sport-events-related infrastructure and services.

Major International Sport Events are quite particular as they are large projects of significant value, constrained in a short time period and with significant public exposure. As a result, the procurement of infrastructure and services shall aim to:

1. Guarantee legal certainty;
2. Secure the best or most suited solution for a high-profile project;
3. Secure service providers, contractors and suppliers in good time to allow for the proper preparation, planning and smooth delivery of services/works;
4. Achieve best value for money and minimise total expenditure over the entire project lifecycle on all procured goods, works or services;
5. Ensure that all objectives of the organisation are met (corporate social responsibility, environment, health and safety, etc) via responsible sourcing;
6. Ensure that solutions are safe and compliant;
7. Ensure that procurement is undertaken in accordance with high professional standards and probity;
8. Optimise administrative effort and efficiency (from preparation to evaluation, contract signature and execution) and reduce procurement cycle time in view of the large tender volume to come over a short period; and
9. Lay the baselines for a healthy and strategic contractual relationship.

To meet the above objectives, the current study – supported by the views of various experts – outlines a set of good practices and guidelines for the procurement of major international sport-events-related infrastructure (both permanent and temporary) and services. These recommendations shall inform the development of a robust and detailed procurement strategy required for projects of significant magnitude and complexity. They shall also go alongside the establishment of a robust culture of ethical behaviour within the organisation, and via the strict respect of a Code of Ethics.



Good procurement practices and guidelines for the Olympic movement can be summarised by the following “Golden Rules”, outlined in a logical flow for the reader (but not in order of importance for the project), and for potential simultaneous implementation:

- Golden Rule #1 Analyse the local procurement framework and define the optimum procurement operating process.
- Golden Rule #2 Define and implement a robust procurement governance.
- Golden Rule #3 Secure experienced resources.
- Golden Rule #4 Ensure healthy tendering competition within the appropriate audience.
- Golden Rule #5 Guarantee transparency during the whole procurement cycle.
- Golden Rule #6 Define appropriate and precise procurement timetables early.
- Golden Rule #7 Implement an integrated approach of cost and budget management with procurement.
- Golden Rule #8 Integrate sponsorship considerations into the global procurement strategy.
- Golden Rule #9 Conduct a precise analysis of regulatory requirements.
- Golden Rule #10 Develop a comprehensive scope of work and services, and detailed tender documentation.
- Golden Rule #11 Define and implement a robust evaluation process.
- Golden Rule #12 Develop a robust contract management strategy before tender release.
- Golden Rule #13 Anticipate, prevent and manage fraud, bid rigging and corruption risks.

All the above rules are supported by detailed and practical recommendations, which are meant to provide food for thought for procurement and sport events specialists.



Yoyogi National Stadium, Tokyo (permanent venue)

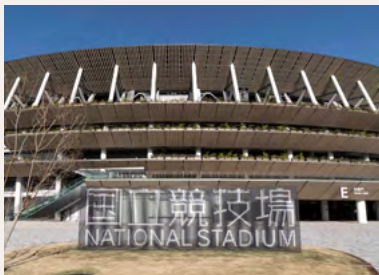


Introduction

Context

The Organisation of Major Sport Events, notably the delivery of related infrastructure and services, faces ever-present risks of inefficiencies, corruption and serious misconduct. The need to meet tight deadlines and manage the large resources required for these projects exposes them to financial and reputational risks.

Examples of infrastructure and services



Permanent infrastructure

Stadium, arena, accommodation, etc.



Temporary infrastructure

Seating, modular buildings, temporary power, etc.



Services

Transport, logistic, cleaning, catering or any operations services.

Amongst other international initiatives set up to better understand and ultimately address these endemic issues, the International Partnership Against Corruption in Sport (IPACS) was established in 2017. It is a multi-stakeholder platform with the mission “to bring together international sports organisations, governments, inter-governmental organisations, and other relevant stakeholders to strengthen and support efforts to eliminate the risks of corruption and promote a culture of good governance in sport”.

Since December 2017, IPACS established task forces that focus on developing actionable solutions for addressing four specific areas of corruption in sport:

- Task Force 1 (TF1): reducing the risk of corruption in procurement relating to sporting events and infrastructure;
- Task Force 2 (TF2): ensuring integrity in the selection of major sporting events, with an initial focus on managing conflicts of interests;
- Task Force 3 (TF3): optimising the processes of compliance with good governance principles to mitigate the risk of corruption; and
- Task Force 4 (TF4): enhancing effective cooperation between law enforcement, criminal justice authorities and sport organisations.

As IPACS’ founding partners, the International Olympic Committee (IOC) and the Organisation for Economic Cooperation and Development (OECD) are playing active roles in Task Force 1 in relation to their respective roles and expertise in Major Sport Events or in procurement and integrity related issues.¹

¹ The OECD produced in recent years two international standards: the 2015 Recommendation on Public Procurement and the 2017 Recommendation on Public Integrity.



Initial analyses by TF1 evidenced the links between corruption and procurement inefficiencies, both responsible for putting ethical and financial pressure on sporting events. Therefore, and to complement the work which is being carried out by TF1, the following paper discusses dimensions supporting the efficient procurement of Major International Sport-Events-related infrastructure and services.

Objectives of this document

This document provides a set of “practical” recommendations for Host Cities and Organising Committees of Major International Sporting Events.

It outlines good practices and guidelines for the Olympic movement in regard to the procurement of major international sport-events-related infrastructure (both permanent and temporary) and services.



Nippon Budokan, Tokyo (permanent venue)



Methodology

The development of good practices and guidelines for the Olympic movement in regard to the procurement of Major International Sport-Events-related infrastructure and services was performed at the end of 2019.

This exercise was led and managed by a Major Sport Event and Procurement expert mandated by the IOC to collect material and coordinate various experts' views and opinions.

The final document is based on a multi-entry analysis:

- The review of existing documentation on procurement of sport-events-related infrastructure or services (including documents developed by the OECD, the United Nations Office on Drugs and Crime - UNODC and other IPACS partners);
- The review of existing documentation on procurement good practices;
- The consolidation of various procurement materials (key principles, risks, and lessons learned) from past events and experience;
- The Interview under the Chatham House Rule² of a wide range of experts in Major International Sport Event or in the construction industry in order to collect further information on procurement best practices;
 - Case studies or summaries of special situations discussed with experts are occasionally presented in this report as an “Expert’s view”;
 - Interviewees’ profiles varied with people acting, or having acted, in senior positions in the areas of Finance, Procurement, Risk management, Permanent and Temporary Infrastructure, and Games Services (transport, security, accommodation, food and beverage, etc), and acting, or having acted, on various sides of the procurement process (clients, bidders, funders).
- The consolidation of all additional information in a preliminary report; and
- The review of key findings with the OECD representative leading on the IPACS TF1 deliverables.

These various steps led to the development of the final version of the report.

2 Chatham House Rule: “a rule or principle according to which information disclosed during a meeting may be reported by those present, but the source of that information may not be explicitly or implicitly identified”.



Key procurement guidelines and recommendations

Preamble

Major International Sport Events are quite particular as they are large projects of significant value, constrained in a short time period and with significant public exposure. They usually involve both private and public sectors from funding to delivery. As a result, the associated tendering process for infrastructure and services aims to:

1. Guarantee legal certainty;
2. Secure the best or most suited solution for a high-profile project;
3. Secure service providers, contractors and suppliers in good time to allow for the proper preparation, planning and smooth delivery of services/works;
4. Achieve best value for money and minimise total expenditure over the entire project lifecycle on all procured goods, works or services;
5. Ensure that all objectives of the organisation are met (corporate social responsibility, environment, health and safety, etc) via responsible sourcing;
6. Ensure that solutions are safe and compliant;
7. Ensure that procurement is undertaken in accordance with high professional standards and probity;
8. Optimise administrative effort and efficiency (from preparation to evaluation, contract signature and execution) and reduce procurement cycle time in view of the large tender volume to come over a short period; and
9. Lay the baselines for a healthy and strategic contractual relationship.

In order to meet the above objectives, key procurement guidelines and recommendations are outlined in the sections below. They shall inform the development of a robust and detailed procurement strategy required for Major International Sport Events that are considered as projects of significant magnitude and complexity.

This procurement strategy is pivotal to the success of the program. It shall not only rely on procurement good practices observed in the various industries, but it shall also be **strongly influenced and tailored to the political situation and cultural environment of the project** as the context and challenges can vary greatly from one country or organisation to another.

This procurement strategy shall also be **fully interlinked with the contract management strategy** in order to guarantee full and proper project control throughout the entire procurement lifecycle. It shall go alongside the **establishment of a robust culture of ethical behaviour within the organisation**, and via the strict respect of a Code of Ethics.



Key procurement guidelines and recommendations for the Olympic movement are outlined below. They are displayed in a logical flow for the reader (but not in order of importance for the project), and for potential simultaneous implementation:

GOLDEN RULE #1

Analyse the local procurement framework and define the optimum procurement operating process

The uniqueness and magnitude of a Major Sport Event and the short timeframe allocated for its planning and delivery require the setting up of the procurement cycle on a very solid basis. This fundamental initial step shall be delivered thoroughly by high-profile resources (in-house employees or external consultants) with proven procurement expertise and agility.

In order to meet the Golden Rule #1, it is recommended to:

Conduct an initial assessment of the local procurement regulations (municipal, regional/federal, national) and outline associated key characteristics and principles.

In view of the organisation's funding and status, define the anticipated or applicable procurement framework (public vs private process), acknowledging the pros and cons of each option.

Assess the constraints of the program/projects towards the procurement framework and the possibility of obtaining the relaxation of laws and regulations (e.g. Olympic law, new technical regulations), in order to ease and increase efficiency of the procurement cycle.

Define within the retained procurement framework the most appropriate and efficient tendering processes for Major Sport Event projects (unique, high value and high public exposure projects). These could be based on existing and proven processes from other countries or projects and they should imperatively aim for the objectives outlined in the above preamble.

Analyse the potential impact of the funding of the program/projects (e.g. public, public and private, multi provenance) on the various forms of tender (see illustration of Golden Rule #11).

Within a detailed procurement strategy develop the diverse types and forms of tender anticipated for the various areas of the business that should be applicable to the wide range of goods, services and works to be procured for the program/projects.

🕒 Checklist #1

Expert's view of the public procurement process within the Major Sport Events industry

A strict public procurement process or a slightly adapted version is often implemented by a Major Sport Events organisation. It usually relates to the organisation's status and funding or to the public exposure and scrutiny linked to the organisation's high-profile characteristics. An expert's view of the specific opportunities and challenges related to the public procurement process for Major Sport Events is described below.



Opportunities to be exploited

- A well-structured and regulated process ensuring competition, equal treatment and traceability.
- A transparent process from publication to evaluation and award (more buy-in and less scepticism from stakeholders and public community).
- A proven process with clear rules, timelines, templates and tools.
- An existing process that can immediately be operational and implemented by experienced resources familiar with the strengths and weaknesses of the method.
- A process encouraging access to a wide range of bidders (unless specific situations – restricted tenders).
- A process potentially allowing access to existing public framework agreements (services, goods or works) – these could facilitate quick agreements and favourable rates (due to long-term and large volume negotiation).

Challenges to be faced

- A generic process (from pre-qualification to final selection) that does not always fit the specificity of the Major Sport Event environment.
- A lack of emphasis on suppliers' experience and a focus on lowest price bids (which could encourage low-balling strategies and create delivery challenges).
- A process that is not very agile or flexible (including for sourcing and market engagement, project variations, emergency situations), which is sometimes considered incompatible with Major Sport Events.
- A process lacking flexibility in the negotiation phase, which is often perceived as a missed opportunity for a good commercial deal.
- A process that is not particularly well-adapted to handling sponsorship opportunities and sole-sourcing requests from key stakeholders (e.g. international federations).
- A process generally lacking clear principles around economic efficiency (difficult negotiation, complicated synergies between lots, challenges around scope adjustments, etc).
- A slow process with imposed time constraints.
- A process often leaning towards legal certainty more than operational flexibility and financial efficiency.
- An extensive process transparency that increases public scrutiny, which could require additional attention to avoid tender delays.
- A process with extensive probity and assurance review increases administrative effort on a project already under strict timelines constraints.

According to various Major International Sport Event experts, it seems that the public procurement process offers interesting features and guarantees, but it also comes with a clear lack of flexibility and agility that is required for Major Sport Event projects.

The most favourable solution often outlined is to associate public procurement principles with additional flexibility around negotiation opportunities, variation possibilities and moderation of timing constraints, in order to mitigate the challenges outlined above.



GOLDEN RULE #2

Define and implement a robust procurement governance

Major Sport Events are delivered in fast-paced conditions by organisations that are often not used to this environment (or to the magnitude of the program) or that are newly created for the planning and delivery of the program. Governance already in place is often considered too rigid (not tailored enough to tender types or value, lacking project owner empowerment, etc) and too slow, while the governance of a new organisation can be seen as lacking the proper level of control.

Also, the numerous changes post-contract signature often seen in the Major Sport Event industry are not always properly anticipated and they can sometimes get around the control procedures in place.

In order to meet the Golden Rule #2, it is recommended to:

Assess the need for external expertise to provide against the specificity of the program and projects (number and value of tenders, timelines, types of services/works) – either an independent assessment of the procurement governance in place or the definition of an appropriate one.³

Based on proven and successful experience, consolidate or develop a resilient governance process relating to multiple levels of control. In order to guarantee the choice of optimum solutions and to limit the risks of fraud and corruption:

- Separate contractual, financial and project authorities.
- Adjust the length and complexity of the tender review process to the contract value.
- Develop procurement evaluation teams made up of experienced people with various profiles and backgrounds, and ensure project authority review and validation of procurement evaluation team results.
- Implement a Contract Approval Committee made up of various experts and senior directors, for the systematic review and validation of oral and written presentations of the preferred supplier by the project authority.
- Maintain an overarching and independent board for final approval and signature of high-value contracts.

Evaluation teams, the Contract Approval Committee and/or the program board shall include independent experts to support and/or regularly and randomly audit the procurement cycle (environmental experts, health and safety experts, quantity surveyors, probity advisors, legal advisors, etc).

Activate the Contract Approval Committee from tender evaluation to contract closure, in order to keep an overview of contract variations coming post-contract signature.

Checklist #2

³ This applies to ad hoc organisations created for the program/projects.



Expert's view of the advantages of an ad hoc organisation for the procurement of infrastructure and services of Major Sport Events

The ad hoc organisations that are often used for the planning and delivery of Major Sport Events often face several challenges: difficult initial set up, initial lack of processes, tools and resources, lack of leverage to create customer loyalty, etc. Nevertheless, there is a recurrent perception that they can offer some advantages for the procurement of infrastructure and services:

- They can be single focus, fit for purpose and designed to offer some flexibility, which is of great interest.
- Their procurement governance can be strictly tailored to the needs and risks of the project, and it can make the most of past and proven experiences.
- They foster project dynamics and robust project cohesion.
- They can attract top procurement and project talent as they focus on high-profile projects.
- They do not suffer from historical conflicts and do not need to build on future long-term relationships.



Tokyo Metropolitan Gymnasium, Tokyo (permanent venue)



GOLDEN RULE #3

Secure experienced resources

The key characteristics and challenges of Major Sport Events (unique, large, time constrained) are often underestimated when defining and securing the procurement team. The potential lack of understanding, adaptability or seniority of resources, as well as the reluctance to secure external experts (occasionally or on a part-time basis during the project) to launch, support and then audit the whole procurement cycle, can be widely prejudicial in the context of high-speed acquisition and spending situations. This is sometimes aggravated by insufficient continuity of resources between the tendering and contract management phases, or by insufficient process transversality between the various departments of a sport-event-related organisation.

In order to meet the Golden Rule #3, it is recommended to:

Secure a broad team of outstanding professionals in the various departments of the sport-event-related organisation to apply all recommendations outlined in the current guidelines.

This team includes:

- Procurement specialists to review and define the best applicable procurement framework, develop and implement a detailed procurement process and governance, support/guide the evaluation and negotiation process, avoid procurement evaluation irregularities and mitigate fraud and corruption risks.
- Legal specialists to develop robust tender/contract terms and conditions, and support the evaluation and negotiation processes.
- Project procurement and contract management resources with various profiles and expertise (from pure procurement to project management and technical skills) and with a strong commercial focus in order to:
 - Assess market capacities.
 - Develop quality tender documentation (for their respective projects).
 - Conduct a precise evaluation process and negotiation with the wider team.
 - Manage the contract until financial closure.
- Marketing/sponsorship experts to liaise with the procurement team and develop a fully integrated approach (see Golden Rule #8).
- External experts and advisors to define, support and provide independent audit of the procurement cycle (legal and procurement specialists, technical experts, quantity surveyors, health and safety consultants, environment specialists, probity advisors, etc).

An alternative option for some broad areas of the event project could be to secure (via a formal open and competitive procurement process) the services of one or several delivery partner/s to conduct the procurement activities on behalf of the sport-event-related organisation.

Develop clear arguments and various options to bring high-profile talent to a short-term project.

Ensure continuity of resources and continuous effort, from the initiation of the procurement process to the contract closure.

Checklist #3



GOLDEN RULE #4

Ensure healthy tendering competition within the appropriate audience

Any large project benefits from healthy competition⁴ during its tendering process as this fosters a favourable cost return. In addition, in a Major Sport Event, systematic and wide competition can also protect Event Organisers from:

- Potential claims, delays or cancellation of a procurement process due to a lack of equity and fairness, which are all incompatible with the short timeframe allocated to the project.
- Early and astute lobbying of suppliers/contractors pretending that they are the only one able to deliver the Major Sport Event requirements, and indirectly influencing the process towards a restricted tender/single-source approach that would provide a suboptimum technical (and financial) outcome.
- Players having a local monopoly, which could lead to an unfavourable technical (and financial) outcome.
- An early sponsorship agreement being negotiated without a detailed scope, which could lead to an unfavourable technical (and financial) outcome.

Also, the mobilisation of the appropriate audience is paramount: an insufficient market engagement and an inappropriate tender packages definition will not favour the bidding or the selection of the optimum blend of suppliers (local and international, small and large companies) required for the complex and compressed delivery of Major Sport Events. It will also put further pressure on the market in a relatively limited timeframe, which could significantly limit the pool of proponents (and the competition).

In order to meet the Golden Rule #4, it is recommended to:

Develop and ensure a competitive tender process, providing fair opportunities to all potential proponents in order to obtain the best possible technical and financial offers from the market.

Engage early with the local and international markets to warm up proponents and create a dynamic towards a competitive process.

Develop tender packages in the appropriate form and size, allowing them to reach and secure in a timely manner a mix of local/international and small/large companies acting as service providers, suppliers and contractors to benefit from their respective advantages and experience.⁵

Encourage partnerships between local and international, small and large companies in order to increase the chances of benefiting from synergies.

⁴ Typical characteristics of a healthy competition are a reasonable number of proponents (more than three), a variety of technical solutions, and a variety of proponents' origins.

⁵ Small/local proponents' benefits: tailored services, business and community engagement, project logistics, local network/supply chain/regulations knowledge. Large/international proponents' benefits: experience and large-scale delivery capability.



Identify potential situations of monopoly to be circumvented via the definition of the appropriate procurement strategy (tender packages definition).

Engage early with the project marketing department to ensure that any sponsorship agreement will not interfere with the competitive process.

Checklist #4

GOLDEN RULE #5

Guarantee transparency during the whole procurement cycle

Major Sport Events are to be delivered in a fast-paced environment and in a continuously evolving market. Their planning and delivery are complex and they require the mobilisation of all key existing or emerging players (being local, international or joint ventures). The project time constraints do not allow for delays that could arise from claims due to a lack of transparency and equity (the situation is emphasised when local or international bidders consider the unique project to be an unmissable opportunity). And, as in any other industry, a lack of transparency and traceability could also prevent the effective working of multi-level evaluation teams and it could favour fraud and corruption.

In order to meet the Golden Rule #5, it is recommended to:

Implement a transparent bidding process in order to reach the widest market and give everybody a chance to compete.

Develop or join an electronic procurement information platform (e.g. website, procurement web platform), guaranteeing equity and clarity of information to all proponents.

Ensure a transparent and traceable evaluation process to favour quality evaluation and avoid or mitigate procurement evaluation irregularities.

Checklist #5

GOLDEN RULE #6

Define appropriate and precise procurement timetables early

A common pitfall observed in many Major Sport Events (especially for Temporary Infrastructure and Services) is a lack of early procurement planning combined with the late definition of requirements. This situation often forces event-related organisations to compress the various periods of a pro-



curement process to meet an immovable final deadline, but this unfortunately leads to low-quality tenders, incomplete evaluations and insufficient preparation time for appointed suppliers to deliver a cost-effective and quality solution on site.

In order to meet the Golden Rule #6, it is recommended to:

Develop a detailed procurement schedule at the earliest possible stage of the project (and which fully respects the timeline constraints imposed by the procurement regulations – see Golden Rule #1), outlining the various steps of each tender (goods, services, works). This procurement schedule shall:

- Provide appropriate timeframes for conducting thorough market analysis and engagement.
- Provide space for engaging with stakeholders involved in the project at the different stages of the procurement cycle.
- Provide sufficient time for defining sound specifications and detailed selection and award criteria.
- Provide proponents with ample time to develop their best technical and financial proposals (response time to be adjusted to the size of the scope of works and services).
- Provide evaluation teams with appropriate time for tender analysis and final tender negotiation (if applicable).
- Maintain some buffer time to deal with possible tender cancellation (an unsuccessful, challenged or fraudulent tender).
- Ultimately, give appointed suppliers/contractors appropriate time for final planning and delivery preparation.

Ensure the alignment of the procurement schedule and resource plan (procurement, legal, project owners) to avoid any delays that are potentially harmful to the proper planning and delivery of Major Sport Events projects.

Checklist #6

GOLDEN RULE #7

Implement an integrated approach of cost and budget management with procurement

Tender release and award in Major Sport Events are often delayed due to the lack of a detailed and robust cost plan or its misalignment with the project budget. Such a delay puts early and unnecessary pressure on the project delivery.

Also, tenders are usually released when the scope and requirements are not finalised, which generates variations post-contract award that ideally should be anticipated at an early stage (and before contract signature).



In order to meet the Golden Rule #7, it is recommended to:

Ensure acquisition and integration within the project and procurement evaluation team of resources with proven cost expertise (project experts, quantity surveyors).

Develop a detailed and robust project cost plan early in order to:

- Validate the project budget with the financial department and allow tender release in good time.
- Anticipate appropriately the tender cost return and facilitate contract award.
- Evaluate tenders with strong financial information and facilitate tender evaluation and negotiation.

Define a clear position in regard to tender return currency and inflation considerations vs fix proposal (taking into consideration the event date).

Focus on project final cost (or project out-turn value) during the tender evaluation process.

👁 Checklist #7

GOLDEN RULE #8

Integrate sponsorship considerations into the global procurement strategy

While sponsorship agreements are widely implemented in Major Sport Events, they are not common in other industries and as a result they do not always benefit from established procurement good practices. They can also be difficult to address depending on the procurement framework applicable locally, and if not initiated properly, they can be financially detrimental to the Event Organiser.

Sponsorship agreements are often challenging due to the potentially ‘contradictory’ objectives of two key stakeholders of a sport event organisation:

- The Sponsorship department **which is tasked to sell** marketing rights as early as possible in order to generate cashflow for the organisation
- The Procurement department **which is tasked to buy**, achieve best value for money and minimise total expenditure over the entire project lifecycle.

Securing sponsorship agreements with positive outcomes for all parties of a major Sport Event organisation could prove to be highly challenging.



In order to meet the Golden Rule #8, it is recommended to:

Ensure robust collaboration and integration between the Procurement and Marketing departments of the event-related organisation for the purchase of goods, services or work with sponsorship opportunities. Ensure that a single entity is in charge of securing suppliers or contractors in a coordinated manner.

Analyse sponsorship negotiation challenges and opportunities in the applicable procurement framework (private/public procurement situation).

Include sponsorship negotiations for goods, services or work in the overall procurement process in order to:

- Discuss sponsorship opportunities with a fully developed scope of work and services and a detailed cost estimate.
- Ensure proper competition for favourable technical and financial outcomes.

Develop a clear process to fairly assess a proposal without a sponsorship offer against a proposal with a sponsorship offer.

Conduct sponsorship analysis for goods, services or work with preferred suppliers only after thorough technical and financial reviews.

Perform a balanced analysis between the financial gross and net contract values (before and after sponsorship rebate) to take into consideration unit rates that could apply for post-contract variations. Seek support from project experts or quantity surveyors if required.

Avoid sponsors' exclusivity (or a global sponsorship agreement covering a large part of the business). Prefer a restricted sponsorship agreement and favour a competitive tender for any new requirements.

Systematically consider the possibility of creating competition situations between direct or indirect sponsors (from the event-related organisation or from the event owner) and other proponents, in order to always favour optimum technical and financial solutions.

Ensure that marketing/sponsorship rights are widely communicated to avoid the perception of sponsor exclusivity (which can result in a sponsor's competitors not engaging in new tenders).

Anticipate sponsorship negotiation periods for inclusion in the Major Sport Events procurement timetables.

👁 Checklist #8

Case study: Sponsorship as an opportunity for suppliers and contractors of venue infrastructure and services to generate greater profit

If it is well conducted a sponsorship deal can be highly beneficial for a supplier or contractor. Unfortunately, this can be to the detriment of the purchaser. Over the years, various situations of sponsorship agreements that are largely favourable to suppliers have been observed. The context of their development is outlined in the two typical scenarios below:



Scenario #1: Supplier entering sponsorship discussion before the tendering process

- Step 1 Supplier #X identifies at a very early stage that the local market or its local competitors do not have the capability to meet the Major Sport Event's requirements.
- Step 2 If not local or not having a significant local representation, Supplier #X creates a joint venture with one of the strongest local players early in the process. This presents multiple positive aspects:
- With a local partner, Supplier #X will be able to lower its labour and logistics costs and therefore be more competitive. Supplier #X will gain immediate knowledge of the local market and practices.
 - The joint venture will send a message to the buyer of a positive local integration (potentially matching some of the Corporate Social Responsibility criteria).
 - The partnership will send a strong sign to the local and international competitors (potentially undermining some of the competition).
- Step 3 Supplier #X establishes a very early connection with the Event Organiser to demonstrate its knowledge and capability. Supplier #X aims to quickly appear as unavoidable to the Event Organiser (and, as a knock-on effect, to the competitors).
- Step 4 Supplier #X develops an early sponsorship offer before the scope of work and services has been developed and before the tender process has been launched. This could have multiple objectives:
- Avoid a competitive process being launched by the Procurement department and engaging in direct negotiation with the Marketing department.
 - Provide an attractive financial and sponsorship offer that meets the Marketing and Sponsorship department's objectives while not alarming the department/project owner.
 - The financial and sponsorship offer will have been developed in parallel with a thorough initial assessment of potential variations (technical and operational aspects)⁶ or future opportunities (additional side contracts). In all situations, the sponsorship and financial offer is probably balanced with nil (or positive) impact on Supplier #X's profit.
- Step 5 Supplier #X "gets a foot in the business", negotiates a sponsorship deal, and if possible, suggests getting exclusivity on the category for any future deals. The impact of this is:
- With exclusivity, Supplier #X will then use his sponsor/partner position to avoid an open tender and conduct direct negotiation for all future tenders in the category (for both the event-related organisation and its numerous partners).
 - Without exclusivity, there will still be a perception by competitors that future competitive tenders might not be worth the time and financial investment due to Supplier #X's perceived advantage with the event-related organisation.
- Step 6 Supplier #X performs well, in good partnership with the event-related organisation, and it manages to secure a guaranteed and comfortable profit via its sponsorship strategy.

6 It should be noted that at this stage of the project, and due to its extensive experience in Major Sport Events, Supplier #X probably has a better knowledge of the event requirements than the Event Organiser itself.



Scenario #2: Supplier entering sponsorship discussion during the procurement process

- Step 1 Based on a detailed scope of work, Supplier #Y submits a quality technical proposal and a financial proposal paired with a sponsorship offer (as potentially suggested in the tender documentation), presenting a net value proposal cheaper than other competitors.
- Step 2 However, the tender evaluation process is not robust enough and:
- identifies Supplier #Y as a strong candidate for direct discussion with the Marketing department, undermining the procurement process previously defined, or
 - focuses on the net contract value only (post-sponsorship rebate) and identifies Supplier #Y's proposal as the best financial offer (ignoring that suggested unit rates could possibly be higher than those of other proposals, **which creates a risk that variations post-contract signature might lead to a final cost that is higher** than that proposed by other bidders lacking a sponsorship offer).
- Step 3 Supplier #Y is guided toward the Marketing team to enter into discussions.
- Step 4 go to Step 5 of Scenario #1 with Supplier #Y being in a similar position as Supplier #X.

The two scenarios depicted above are aiming to demonstrate the risks with which organising committee might be confronted with. It is acknowledged that these types of sponsorship agreements can offer a better outcome than described for event-related organisations. Nevertheless, to do so, there are several key prerequisites:

- Very strong market competition, or the arrival of a new player in market.
- Robust integration of the sponsorship discussions within the overall procurement process.
- Avoidance of sponsors' exclusivity considerations.

It is also acknowledged that sponsorship agreements should be looked at holistically. They can provide benefits outside the considerations of best financial outcome (cash-flow support, technical partnership, innovation support, resources secondment, etc).

GOLDEN RULE #9

Conduct a precise analysis of technical regulations

The lack of analysis and anticipation of the technical regulations for a Major Sport Events could lead to unsuitable tender solutions (either too simplistic or too complex), continuous post-contract-signature negotiations (due to required corrective actions), very challenging delivery on site (unanticipated regulatory constraints by suppliers and contractors), and potentially unsafe final result for operation. This is a critical point for consideration.

In order to meet the Golden Rule #9, it is recommended to:

Identify early the local technical regulations (regulatory and compliance framework) potentially applicable to the project and to the various tenders (Building/Electrical/Fire Code, health and safety context, product certification scheme, labour standards, etc).



Review and discuss with the relevant authorities and for each regulatory and compliance aspect the best implementation options for the project.

Validate a clear set of regulations and deliverables for inclusion in all tender documentation, in order to:

- Initiate a safe project delivery.
- Improve proposals' relevance (most suitable products, technical solutions and resources and best price).
- Facilitate the bidding process for all proponents (including ones not familiar with the local regulations).
- Limit post-contract-signature variations.

Checklist #9

GOLDEN RULE #10

Develop a comprehensive scope of work and services and detailed tender documentation

As in any business area, developing comprehensive tender documentation in Major Sport Events is a critical step in the procurement cycle. Unfortunately, this is often hindered by the late onboarding of project resources and expertise (which often happens in ad hoc events organisation to limit the Human Resources cost⁷). This can delay the development of requirements, impact the quality of tender documentation and, as a result, affect the quality and cost efficiency of the project.

Good quality tender documentation is considered to be a significant factor in mitigating procurement risk.

Deficient tender documentation in Major Sport Events presents multiple risks:

- Restrictive or insufficient development of technical specifications (potentially due to lobbying of market leaders very active in the Sport Event industry) could limit the number of bidders.
- Unclear Project Management requirements (resources and deliverables for both planning and delivery phases) and the lack of associated Key Performance Indicators (KPIs) and liquidated damages could prevent proper project development and control, impacting final technical and financial outcomes.
- Lack of anticipation and clarification of all regulatory requirements (building codes, product standards, health and safety regulations, etc) in the tender documentation potentially specific to the temporary nature of the events could generate approximative proposals. This could require post-contract-award negotiations and generate a significant cost increase.

⁷ On large infrastructure projects, the saving on Human Resources is not always relevant in relation to the project cost exposure. In the infrastructure industry, it is often considered that resources are not a major cause of expense but rather the best opportunity for infrastructure cost savings.



- Unclear pricing templates could lead to difficult tender evaluation and will not facilitate the implementation of the robust variation valuation mechanism required in the ever-changing environment of Major Sport Events. The lack of a clear variation valuation mechanism could also lead to difficult negotiations post-contract award and an unfavourable financial outcome.
- Lack, or weaknesses, of contractual KPIs and liquidated damages might not support issue resolution and immediate implementation of corrective actions required in a very fast-paced environment with a fixed deadline.
- Failure to provide a translation into English of the tender documentation might not facilitate access to the international market required for Major International Sport Events.

In order to meet the Golden Rule #10, it is recommended to:

Initiate early development of the scope of work and services and all associated tender documentation to meet the required procurement timetables.

Develop robust tender documentation to foster quality proposals, initiate solid contractual agreements and limit post-contract-award negotiations. To achieve this:

- Outline robust, detailed but non-restrictive Technical Specifications.
- Develop a clear and extensive scope of work and services:
 - outlining detailed Project Management requirements, clear regulatory requirements (including health and safety obligations) and objectives in corporate social responsibility, environment and waste management, etc;
 - covering the entire project life cycle (with specific services such as testing and commissioning, events maintenance, etc, when applicable).
- Define a detailed pricing template for precise initial tender evaluation and for the anticipation and management of future project variations.
- Develop robust Terms and Conditions, potentially based on existing templates in the market but tailored to the specificity of Major Sport Events, especially around liquidated damages (from planning to delivery) and variation valuation mechanisms for scope adjustment post-contract award.

Anticipate the contract management phase via the development at the pre-tendering stage of a detailed set of project deliverables and KPIs (and their associated incentive or liquidated damages) to allow for efficient project monitoring and management during all phases of planning and delivery.

Develop tender documentation in local and foreign languages (likely to be English) in order to reach a wider audience.

 **Checklist #10**



GOLDEN RULE #11

Define and implement a robust evaluation process

The identification of great emphasis being placed by an event-related organisation on the financial assessment (through either the weight of the financial scoring or the weaknesses of the technical questions and requirements) could push proponents to adjust their bidding strategy.

Considering the Major Sport Events context and the large volume of tenders coming in a short period, proponents might aim to get a “foot in the door” and submit a very low proposal (potentially below market price; a low-balling strategy). This might be done after assessing the commercial opportunities related to the tender weaknesses (technical, operational, financial, legal) and after defining a very aggressive commercial strategy for the post-contract-signature period. The proponent’s ultimate objective then becomes building profit not from the initial tender but on all post-contract variations (or additional side contracts).

In order to meet the Golden Rule #11, it is recommended to:

Assess the impact of funding on the procurement framework and its knock-on effect on the selection and evaluation process (open/restricted/negotiated procedure).

Develop detailed tender questionnaire and evaluation criteria in order to:

- Ensure identification of the right players in market.
- Offer a fair and transparent procurement process to all proponents.
- Avoid procurement evaluation irregularities, fraud and corruption (see Golden Rule #13).
- Facilitate a fair and detailed evaluation process and the identification of the best project supplier/contractor.

Define appropriate evaluation criteria with the optimum balance between quality and price, to ensure that scope, quality, time and cost objectives are met at the end of the project.

Set up procurement evaluation teams made up of experienced people and experts with various profiles and backgrounds (procurement experts, project specialists, environmental experts, health and safety experts, quantity surveyors, probity/ethics advisors, legal advisors, etc).

Rely on, or develop, a robust governance to support the tender evaluation process (see Golden Rule #2).

Ensure proper integration of the sponsorship opportunities analysis in the evaluation process (see Golden Rule #8).

👁 Checklist #11

The impact of project funding provenance on the procurement process

Project funding can influence the procurement process and the evaluation of tenders, and requires careful consideration:



- Single public funding will generally require the implementation of a public procurement process (see Golden Rule #1), offering guidelines for tender evaluation.
- Funding from multiple sources (private and/or public funding, some being targeted towards a precise objective) might require the analysis of multiple sub-projects with different evaluation criteria grids within the same tender. Such a situation requires the definition of a specific evaluation process to ensure that smaller value sub-projects maintain a reasonable weighting and representation in the overall tender evaluation. It should also be noted that such a situation could potentially extend the period required for evaluation.
- Funding from special governmental or international organisations (financial aid, also called development aid or development cooperation) could have a direct impact on the openness of the procurement process as it could potentially be conditional.⁸ While the OECD's recommendations towards untied aid are clear⁹ and have been adopted by many funding organisations, they are not systematically recognised and applied in all countries. Such a situation should be addressed carefully in the overall tender process.

The funding complexity might require additional audits and reviews of the procurement process, conducted by independent experts and probity advisors. While potentially being time consuming, these additional checks and support can also be beneficial for the overall procurement process efficiency.

GOLDEN RULE #12

Develop a robust contract management strategy before tender release

The lack of a robust contract management strategy could undermine – post-contract signature – the efforts and positive outcome of the initial procurement phase.

Indeed, in a very competitive environment or in a procurement evaluation process with emphasis on financials (leading to a low/favourable price for the buyer), many suppliers develop a very aggressive commercial strategy for activation post-contract signature. They will aim to activate commercial opportunities related to tender/contract weaknesses (technical, operational, financial, legal) identified during the pre-tendering stage and this will undoubtedly lead to vigorous contractual discussions between all parties (see Golden Rule #11).

In order to meet the Golden Rule #12, it is recommended to:

Plan and ensure resource continuity between the tendering and contract management phases to support the project team and improve contract management efficiency.

⁸ *Untied Aid* is assistance given to developing countries that can be used to purchase goods and services from virtually all countries. It is contrasted with *Tied Aid* which stipulates that goods and services can only be purchased from the donor country or from a limited selection of countries (OECD Glossary of Statistical Terms, OECD.org, 18/07/2007).

⁹ [DAC Recommendation on Untying Official Development Assistance DAC \(25/04/2001\)](#); [Revised DAC Recommendation on Untying ODA \(24/01/2019\)](#)



Develop a detailed set of project deliverables (including reporting requirements) and KPIs with their associated incentive or liquidated damages (see Golden Rule #10), in order to allow for efficient project monitoring and management during all phases of planning and delivery.

Develop a robust contract management plan and process to enforce all contractual obligations that have been negotiated and agreed during the tendering process (scope and deliverables vs timelines and liquidated damages); and monitor, evaluate and carefully negotiate all financial variations post-contract signature.

Checklist #12

GOLDEN RULE #13

Anticipate, prevent and manage fraud, bid rigging and corruption risks

The Organisation of Major Sport Events, notably the delivery of related infrastructure and services, faces ever-present risks of inefficiencies, corruption and serious misconduct. These risks are enhanced by the necessity to meet tight deadlines and manage these large resources.

In order to meet the Golden Rule #13, it is recommended to:

Ensure that the prevention of fraud, bid rigging and corruption are at the forefront of the organisation and senior leadership agenda.

Appoint a Compliance Officer to define, support and monitor ethical behaviour in the event organisation, in particular to ensure that no situation of conflict of interest tarnishes the processes.¹⁰

Select staff cautiously and enforce high ethical standards via the strict application of a clear integrity strategy and Code of Ethics.

Develop procedures, raise awareness, train staff, require regular written commitments, define an issue escalation process and create reflex mechanisms on ethical behaviour. Ensure total transparency and favour communication around the problems of fraud, bid rigging and corruption.

Carefully design a competitive and transparent procurement cycle (see Golden Rules #2 and #5).

Define and implement a robust procurement governance (see Golden Rule #2) based on multiple levels of internal and external controls, from contract signature to contract closure.

¹⁰ See IPACS Task Force 2 – [Good practice examples for managing conflicts of interest in sport organisations](#)



Develop detailed tender documentation (see Golden Rule #10).

Build in a sufficient time buffer in the procurement schedule to allow for the cancellation of a suspicious tender situation (see Golden Rule #6).

Define and implement a robust evaluation process (see Golden Rule #11) with an appropriate balance between technical and financial criteria.

Widely communicate the local legal framework to protect the project from fraud and corruption,¹¹ outlining key opportunities and law penalties to all internal and external stakeholders.

Before any tender release and via careful market/situation analysis, identify the various risks of fraud, bid rigging and corruption. Adjust the tender scope and structure accordingly.

Checklist #13

Examples of conflict of interests, fraud, bid rigging and corruption in Major Sport Events picked up from past projects

Conflict of interest/fraud

- The Major Sport Event business is a rather “closed” circle:
 - It happens that friendly relationships have developed over a career between representatives of an event-related organisation and proponents bidding for a tender.
 - Occasionally, the representative of an event-related organisation might have had experience as an employee with one of the proponents or appointed contractors. Alternatively, a short-term employee of the event-related organisation might look to gain long-term employment with one of the proponents or appointed contractors.
- Decision makers within the event-related organisation sometimes have an interest in multiple business areas and companies involved in the procurement process.
- There can be the involvement of large companies in consecutive phases of the project (e.g. feasibility analysis and then project delivery).

Bid rigging situations

- This could arise on tenders with requirements involving major local forces or very specific expertise (local or market leaders who all know each other). This situation could be worsened by procurement evaluation criteria largely favouring financials (encouraging proponents to initiate discussions with their competitors to keep the contract price in a profit zone).
- Market leaders having a business model that is heavily reliant on Major Sport Events (and therefore the contract award having a survival impact on the company’s turnover) might lead them to join forces and sub-contract parts of the event requirements to each other.

11 Examples of international treaties/conventions or national laws: United Nations Convention Against Corruption (UNCAC 2003), Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (by the OECD 1997), US Foreign Corrupt Practices Act (FCPA 1977), UK Bribery Act (2010) and the French Sapin II Law (2016).



Corruption

- The collaborative environment during the planning or pre-procurement phases is favourable to the exchange of influence and information (making one party in debt to another), creating potential connivance.
- The evaluation process or contractual discussions being conducted by a single employee and not easing or supporting the successful implementation of the ethical code can lead to inappropriate benefits for representatives of the sport-event-related organisation (free services or work, invitations, gifts, etc).
- A lack of detailed project control at various stages of the process (procurement and contract implementation) can enable the disreputable activity of subcontractors (potential subcontractor cascade) and possibly lead to “kickback” to representatives of the sport-event-related organisation (money, free services or work).

In a fraudulent or corrupted environment, sport-event-related organisations with a short lifespan will unfortunately always face challenges related to the temporary nature of their activity; one can always influence behaviour, but it is very difficult to change old practices in a short timeframe.



Conclusion

Major International Sport Events are unique: they are large projects of significant value, constrained in a short time period with significant public exposure and they often have a complex governance. While these characteristics do not impact the basis of common good practices in procurement, they enhance and magnify the need to follow relevant guidelines carefully. These characteristics require the development of a clear and robust procurement strategy right from the inception of the project, supported and supplemented by the definition of a strict Code of Ethics.

The good practices and guidelines for the Olympic movement in regard to the procurement of major international sport-events-related infrastructure and services provided in this report shall serve these objectives and be used as practical recommendations by any sport event organisation.



Ariake Arena, Tokyo (permanent venue)



Checklists

Checklist of good procurement practices and guidelines for the Olympic movement

Golden Rule #1	
Analyse the local procurement framework and define the optimum procurement operating process	31
Golden Rule #2	
Define and implement a robust procurement governance	32
Golden Rule #3	
Secure experienced resources	33
Golden Rule #4	
Ensure healthy tendering competition within the appropriate audience	34
Golden Rule #5	
Guarantee transparency during the whole procurement cycle	35
Golden Rule #6	
Define appropriate and precise procurement timetables early	36
Golden Rule #7	
Implement an integrated approach of cost and budget management with procurement	37
Golden Rule #8	
Integrate sponsorship considerations into the global procurement strategy	38
Golden Rule #9	
Conduct a precise analysis of regulatory requirements	39
Golden Rule #10	
Develop a comprehensive scope of work and services and detailed tender documentation	40
Golden Rule #11	
Define and implement a robust evaluation process	41
Golden Rule #12	
Develop a robust contract management strategy before tender release	42
Golden Rule #13	
Anticipate, prevent and manage fraud, bid rigging and corruption risks	43



CHECKLIST – GOLDEN RULE #1

Analyse the local procurement framework and define the optimum procurement operating process

<i>Tasks</i>	<i>Owner</i>	<i>Targeted completion date</i>	<i>Completion (Y/N)</i>	<i>Open questions & comments</i>
Conduct an initial assessment of the local procurement regulations (municipal, regional/federal, national) and outline associated key characteristics and principles.				
In view of the organisation's funding and status, define the anticipated or applicable procurement framework (public vs private process), acknowledging the pros and cons of each option.				
Assess the constraints of the program/projects towards the procurement framework and the possibility of obtaining the relaxation of laws and regulations (e.g. Olympic law, new technical regulations), in order to ease and increase efficiency of the procurement cycle.				
Define within the retained procurement framework the most appropriate and efficient tendering processes for Major Sport Event projects (unique, high value and high public exposure projects). These could be based on existing and proven processes from other countries or projects and they should imperatively aim for the objectives outlined in the above preamble.				
Analyse the potential impact of the funding of the program/projects (e.g. public, public and private, multi provenance) on the various forms of tender (see illustration of Golden Rule #11).				
Within a detailed procurement strategy develop the diverse types and forms of tender anticipated for the various areas of the business that should be applicable to the wide range of goods, services and works to be procured for the program/projects.				



CHECKLIST – GOLDEN RULE #2

Define and implement a robust procurement governance

Tasks	Owner	Targeted completion date	Completion (Y/N)	Open questions & comments
Assess the need for external expertise to provide against the specificity of the program and projects (number and value of tenders, timelines, types of services/works) – either an independent assessment of the procurement governance in place or the definition of an appropriate one.*				
<p>Based on proven and successful experience, consolidate or develop a resilient governance process relating to multiple levels of control. In order to guarantee the choice of optimum solutions and to limit the risks of fraud and corruption:</p> <ul style="list-style-type: none"> – Separate contractual, financial and project authorities. – Adjust the length and complexity of the tender review process to the contract value. – Develop procurement evaluation teams made up of experienced people with various profiles and backgrounds, and ensure project authority review and validation of procurement evaluation team results. – Implement a Contract Approval Committee made up of various experts and senior directors, for the systematic review and validation of oral and written presentations of the preferred supplier by the project authority. – Maintain an overarching and independent board for final approval and signature of high-value contracts. <p><i>Evaluation teams, the Contract Approval Committee and/or the program board shall include independent experts to support and/or regularly and randomly audit the procurement cycle (environmental experts, health and safety experts, quantity surveyors, probity advisors, legal advisors, etc).</i></p>				
Activate the Contract Approval Committee from tender evaluation to contract closure, in order to keep an overview of contract variations coming post-contract signature.				

* This applies to ad hoc organisations created for the program/projects.



CHECKLIST – GOLDEN RULE #3

Secure experienced resources

Tasks	Owner	Targeted completion date	Completion (Y/N)	Open questions & comments
<p>Secure a broad team of outstanding professionals in the various departments of the sport-event-related organisation to apply all recommendations outlined in the current guidelines. This team includes:</p> <ul style="list-style-type: none"> – Procurement specialists to review and define the best applicable procurement framework, develop and implement a detailed procurement process and governance, support/guide the evaluation and negotiation process, avoid procurement evaluation irregularities and mitigate fraud and corruption risks. – Legal specialists to develop robust tender/contract terms and conditions, and support the evaluation and negotiation processes. – Project procurement and contract management resources with various profiles and expertise (from pure procurement to project management and technical skills) and with a strong commercial focus in order to: <ul style="list-style-type: none"> • Assess market capacities. • Develop quality tender documentation (for their respective projects). • Conduct a precise evaluation process and negotiation with the wider team. • Manage the contract until financial closure. – Marketing/sponsorship experts to liaise with the procurement team and develop a fully integrated approach (see Golden Rule #8). – External experts and advisors to define, support and provide independent audit of the procurement cycle (legal and procurement specialists, technical experts, quantity surveyors, health and safety consultants, environment specialists, probity advisors, etc). <p>An alternative option for some broad areas of the event project could be to secure (via a formal open and competitive procurement process) the services of one or several delivery partner/s to conduct the procurement activities on behalf of the sport-event-related organisation.</p>				
Develop clear arguments and various options to bring high-profile talent to a short-term project.				
Ensure continuity of resources and continuous effort, from the initiation of the procurement process to the contract closure.				



CHECKLIST – GOLDEN RULE #4

Ensure healthy tendering competition within the appropriate audience

<i>Tasks</i>	<i>Owner</i>	<i>Targeted completion date</i>	<i>Completion (Y/N)</i>	<i>Open questions & comments</i>
Develop and ensure a competitive tender process, providing fair opportunities to all potential proponents in order to obtain the best possible technical and financial offers from the market.				
Engage early with the local and international markets to warm up proponents and create a dynamic towards a competitive process.				
Develop tender packages in the appropriate form and size, allowing them to reach and secure in a timely manner a mix of local/international and small/large companies acting as service providers, suppliers and contractors to benefit from their respective advantages and experience.*				
Encourage partnerships between local and international, small and large companies in order to increase the chances of benefiting from synergies.				
Identify potential situations of monopoly to be circumvented via the definition of the appropriate procurement strategy (tender packages definition).				
Engage early with the project marketing department to ensure that any sponsorship agreement will not interfere with the competitive process.				

* Small/local proponents' benefits: tailored services, business and community engagement, project logistics, local network/supply chain/regulations knowledge.
 Large/international proponents' benefits: experience and large-scale delivery capability.



CHECKLIST – GOLDEN RULE #5

Guarantee transparency during the whole procurement cycle

<i>Tasks</i>	<i>Owner</i>	<i>Targeted completion date</i>	<i>Completion (Y/N)</i>	<i>Open questions & comments</i>
Implement a transparent bidding process in order to reach the widest market and give everybody a chance to compete.				
Develop or join an electronic procurement information platform (e.g. website, procurement web platform), guaranteeing equity and clarity of information to all proponents.				
Ensure a transparent and traceable evaluation process to favour quality evaluation and avoid or mitigate procurement evaluation irregularities.				



CHECKLIST – GOLDEN RULE #6

Define appropriate and precise procurement timetables early

Tasks	Owner	Targeted completion date	Completion (Y/N)	Open questions & comments
<p>Develop a detailed procurement schedule at the earliest possible stage of the project (and which fully respects the timeline constraints imposed by the procurement regulations – see Golden Rule #1), outlining the various steps of each tender (goods, services, works). This procurement schedule shall:</p> <ul style="list-style-type: none"> – Provide appropriate timeframes for conducting thorough market analysis and engagement. – Provide space for engaging with stakeholders involved in the project at the different stages of the procurement cycle. – Provide sufficient time for defining sound specifications and detailed selection and award criteria. – Provide proponents with ample time to develop their best technical and financial proposals (response time to be adjusted to the size of the scope of works and services). – Provide evaluation teams with appropriate time for tender analysis and final tender negotiation (if applicable). – Maintain some buffer time to deal with possible tender cancellation (an unsuccessful, challenged or fraudulent tender). – Ultimately, give appointed suppliers/contractors appropriate time for final planning and delivery preparation. 				
<p>Ensure the alignment of the procurement schedule and resource plan (procurement, legal, project owners) to avoid any delays that are potentially harmful to the proper planning and delivery of Major Sport Events projects.</p>				



CHECKLIST – GOLDEN RULE #7

Implement an integrated approach of cost and budget management with procurement

<i>Tasks</i>	<i>Owner</i>	<i>Targeted completion date</i>	<i>Completion (Y/N)</i>	<i>Open questions & comments</i>
Ensure acquisition and integration within the project and procurement evaluation team of resources with proven cost expertise (project experts, quantity surveyors).				
Develop a detailed and robust project cost plan early in order to: <ul style="list-style-type: none">– Validate the project budget with the financial department and allow tender release in good time.– Anticipate appropriately the tender cost return and facilitate contract award.– Evaluate tenders with strong financial information and facilitate tender evaluation and negotiation.				
Define a clear position in regard to tender return currency and inflation considerations vs fix proposal (taking into consideration the event date).				
Focus on project final cost (or project out-turn value) during the tender evaluation process.				



CHECKLIST – GOLDEN RULE #8

Integrate sponsorship considerations into the global procurement strategy

Tasks	Owner	Targeted completion date	Completion (Y/N)	Open questions & comments
Ensure robust collaboration and integration between the Procurement and Marketing departments of the event-related organisation for the purchase of goods, services or work with sponsorship opportunities. Ensure that a single entity is in charge of securing suppliers or contractors in a coordinated manner.				
Analyse sponsorship negotiation challenges and opportunities in the applicable procurement framework (private/public procurement situation).				
Include sponsorship negotiations for goods, services or work in the overall procurement process in order to: <ul style="list-style-type: none"> – Discuss sponsorship opportunities with a fully developed scope of work and services and a detailed cost estimate. – Ensure proper competition for favourable technical and financial outcomes. 				
Develop a clear process to fairly assess a proposal without a sponsorship offer against a proposal with a sponsorship offer.				
Conduct sponsorship analysis for goods, services or work with preferred suppliers only after thorough technical and financial reviews.				
Perform a balanced analysis between the financial gross and net contract values (before and after sponsorship rebate) to take into consideration unit rates that could apply for post-contract variations. Seek support from project experts or quantity surveyors if required.				
Avoid sponsors' exclusivity (or a global sponsorship agreement covering a large part of the business). Prefer a restricted sponsorship agreement and favour a competitive tender for any new requirements.				
Systematically consider the possibility of creating competition situations between direct or indirect sponsors (from the event-related organisation or from the event owner) and other proponents, in order to always favour optimum technical and financial solutions.				
Ensure that marketing/sponsorship rights are widely communicated to avoid the perception of sponsor exclusivity (which can result in a sponsor's competitors not engaging in new tenders).				
Anticipate sponsorship negotiation periods for inclusion in the Major Sport Events procurement timetables.				



CHECKLIST – GOLDEN RULE #9

Conduct a precise analysis of regulatory requirements

<i>Tasks</i>	<i>Owner</i>	<i>Targeted completion date</i>	<i>Completion (Y/N)</i>	<i>Open questions & comments</i>
Identify early the local technical regulations (regulatory and compliance framework) potentially applicable to the project and to the various tenders (Building/Electrical/Fire Code, health and safety context, product certification scheme, labour standards, etc).				
Review and discuss with the relevant authorities and for each regulatory and compliance aspect the best implementation options for the project.				
Validate a clear set of regulations and deliverables for inclusion in all tender documentation, in order to: <ul style="list-style-type: none">– Initiate a safe project delivery.– Improve proposals' relevance (most suitable products, technical solutions and resources and best price).– Facilitate the bidding process for all proponents (including ones not familiar with the local regulations).– Limit post-contract-signature variations.				



CHECKLIST – GOLDEN RULE #10

Develop a comprehensive scope of work and services and detailed tender documentation

Tasks	Owner	Targeted completion date	Completion (Y/N)	Open questions & comments
Initiate early development of the scope of work and services and all associated tender documentation to meet the required procurement timetables.				
<p>Develop robust tender documentation to foster quality proposals, initiate solid contractual agreements and limit post-contract-award negotiations. To achieve this:</p> <ul style="list-style-type: none"> - Outline robust, detailed but non-restrictive Technical Specifications. - Develop a clear and extensive scope of work and services: <ul style="list-style-type: none"> • outlining detailed Project Management requirements, clear regulatory requirements (including health and safety obligations) and objectives in corporate social responsibility, environment and waste management, etc; • covering the entire project life cycle (with specific services such as testing and commissioning, events maintenance, etc, when applicable). - Define a detailed pricing template for precise initial tender evaluation and for the anticipation and management of future project variations. - Develop robust Terms and Conditions, potentially based on existing templates in the market but tailored to the specificity of Major Sport Events, especially around liquidated damages (from planning to delivery) and variation valuation mechanisms for scope adjustment post-contract award. 				
Anticipate the contract management phase via the development at the pre-tendering stage of a detailed set of project deliverables and KPIs (and their associated incentive or liquidated damages) to allow for efficient project monitoring and management during all phases of planning and delivery.				
Develop tender documentation in local and foreign languages (likely to be English) in order to reach a wider audience.				



CHECKLIST – GOLDEN RULE #11

Define and implement a robust evaluation process

<i>Tasks</i>	<i>Owner</i>	<i>Targeted completion date</i>	<i>Completion (Y/N)</i>	<i>Open questions & comments</i>
Assess the impact of funding on the procurement framework and its knock-on effect on the selection and evaluation process (open/restricted/negotiated procedure).				
Develop detailed tender questionnaire and evaluation criteria in order to: <ul style="list-style-type: none"> – Ensure identification of the right players in market. – Offer a fair and transparent procurement process to all proponents. – Avoid procurement evaluation irregularities, fraud and corruption (see Golden Rule #13). – Facilitate a fair and detailed evaluation process and the identification of the best project supplier/contractor. 				
Define appropriate evaluation criteria with the optimum balance between quality and price, to ensure that scope, quality, time and cost objectives are met at the end of the project.				
Set up procurement evaluation teams made up of experienced people and experts with various profiles and backgrounds (procurement experts, project specialists, environmental experts, health and safety experts, quantity surveyors, probity/ethics advisors, legal advisors, etc).				
Rely on, or develop, a robust governance to support the tender evaluation process (see Golden Rule #2).				
Ensure proper integration of the sponsorship opportunities analysis in the evaluation process (see Golden Rule #8).				



CHECKLIST – GOLDEN RULE #12

Develop a robust contract management strategy before tender release

<i>Tasks</i>	<i>Owner</i>	<i>Targeted completion date</i>	<i>Completion (Y/N)</i>	<i>Open questions & comments</i>
Plan and ensure resource continuity between the tendering and contract management phases to support the project team and improve contract management efficiency.				
Develop a detailed set of project deliverables (including reporting requirements) and KPIs with their associated incentive or liquidated damages (see Golden Rule #10), in order to allow for efficient project monitoring and management during all phases of planning and delivery.				
Develop a robust contract management plan and process to enforce all contractual obligations that have been negotiated and agreed during the tendering process (scope and deliverables vs timelines and liquidated damages); and monitor, evaluate and carefully negotiate all financial variations post-contract signature.				



CHECKLIST – GOLDEN RULE #13

Anticipate, prevent and manage fraud, bid rigging and corruption risks

Tasks	Owner	Targeted completion date	Completion (Y/N)	Open questions & comments
Ensure that the prevention of fraud, bid rigging and corruption are at the forefront of the organisation and senior leadership agenda.				
Appoint a Compliance Officer to define, support and monitor ethical behaviour in the event organisation, in particular to ensure that no situation of conflict of interest tarnishes the processes.*				
Select staff cautiously and enforce high ethical standards via the strict application of a clear integrity strategy and Code of Ethics.				
Develop procedures, raise awareness, train staff, require regular written commitments, define an issue escalation process and create reflex mechanisms on ethical behaviour. Ensure total transparency and favour communication around the problems of fraud, bid rigging and corruption.				
Carefully design a competitive and transparent procurement cycle (see Golden Rules #2 and #5).				
Define and implement a robust procurement governance (see Golden Rule #2) based on multiple levels of internal and external controls, from contract signature to contract closure.				
Develop detailed tender documentation (see Golden Rule #10).				
Build in a sufficient time buffer in the procurement schedule to allow for the cancellation of a suspicious tender situation (see Golden Rule #6).				
Define and implement a robust evaluation process (see Golden Rule #11) with an appropriate balance between technical and financial criteria.				
Widely communicate the local legal framework to protect the project from fraud and corruption,** outlining key opportunities and law penalties to all internal and external stakeholders.				
Before any tender release and via careful market/situation analysis, identify the various risks of fraud, bid rigging and corruption. Adjust the tender scope and structure accordingly.				

* See IPACS Task Force 2 – [Good practice examples for managing conflicts of interest in sport organisations](#)

** Examples of international treaties/conventions or national laws: United Nations Convention Against Corruption (UNCAC 2003), Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (by the OECD 1997), US Foreign Corrupt Practices Act (FCPA 1977), UK Bribery Act (2010) and the French Sapin II Law (2016).



Appendices

Outline of specialists' and experts' interviews

Experts interviews were conducted at the end of 2019 by Elypse, who then collated and coordinated various experts' views and opinions presented in this document.

Interviewees' profiles varied with people acting, or having acted, in senior positions in the areas of Finance, Procurement, Risk management, Permanent and Temporary Infrastructure, and Games Services (transport, security, accommodation, food and beverage, etc), and acting, or having acted, on various sides of the procurement process (clients, bidders, funders).

The Interviews were conducted under the Chatham House Rule, which is “a rule or principle according to which information disclosed during a meeting may be reported by those present, but the source of that information may not be explicitly or implicitly identified”.

Interview outline

INTRODUCTION

- IPACS
- IOC / OECD
- Elypse (role, mission)

INTERVIEW

Objective

- Benefit from your expertise and past experience (even non-Event related), and extrapolate collected material to Major Events when considered relevant. This will complement procurement information and lesson learned from past Major Events.

Interview key rules

- There is no intention to discuss and collect detailed information related to ongoing procurement process.
- There is no intention to assess the quality of the work considered or performed
- Discussions shall avoid mention of any specific projects or companies
- Information collected will not be collated as named interview notes or referred to identifiable projects: the details will remain known by the interviewer only and they will exclusively aim to feed the global best practices procurement analysis



KEY POINTS FOR DISCUSSION

A. Structure

- In your experience, what are the public and private procurement pro and cons?
- In past experience, have you worked and procured projects with an ad hoc structure (created for the project)? What were the pro and cons in comparison to an existing organisation (process, documentation, resources, governance, ...)?

B. Special conditions

Partnership / Sponsorship

- Have you led or managed procurement processes involving sponsorship opportunities? What were the main evaluation challenges? How did you manage / resolve them?
- Have you led procurement processes for a company with existing sponsors? How did you manage sponsors willing to bid on new opportunities?

Special funding

- Have you led procurement processes with special funding (World Bank, UNO, Asia Development Bank, African Development Bank, French Development Agency ...)? What were the special constraints to this procurement processes? What were the challenges?
- Have you been involved in procurement processes with complex funding mechanism coming from various sources? What were the special constraints or special conditions to the procurement process? What were the challenges?

C. Regulatory framework and governance

- Have you worked for a company, a project or in a country where procurement regulations were not very robust? What were the main challenges faced during the procurement process?
- Have you worked for a project where the timelines constraints did not align with the regulatory framework and the procurement procedures guidelines? How did you comply with the regulations while meeting your deadlines? What were the special risks attached to this process?
- Could you remember a project where the procurement governance was exemplary? What were the special measures allowing ideal control (resources / forums, key steps review, ...)? Did this exemplary nature remain valid during the contract implementation and the change management period? How?

D. Risks

Conflict of Interest & Bid rigging

- What are the most remarkable (or subtle) conflicts of interest seen in procurement processes in your professional career? How did you manage them?
- Have you ever witnessed (directly or indirectly as an observer/via the media) bid rigging situations (assumed or confirmed)? What were the solutions implemented (or that should have been implemented) to avoid such situation? What are the favourable circumstances to such bidders' agreements and how would you proceed to protect your project from them?



Fraud / corruption

- During your career, what procedures have you put in place to protect your project from fraudulent tender evaluations? What are your suggestions and recommendations to avoid these particular circumstances?
- During your career, what procedures have you put in place to protect your project from procurement corruption attempts? What were you trying to block?

Sub-contractors management

- Have you ever had during tender processes any evaluation challenges with sub-contracting arrangements? How did you anticipate sub-contractors' contractual obligations (transparency, commitment, control, ...)?

E. Olympics specificities

Permanent Infrastructure delivery model

- For permanent infrastructure, what are the procurement advantages of an Olympic Delivery Agency (ODA) vs an Organizing Committee (OC)?

Olympic law (P2024 specific – open question)

- How will the Olympic law impact the procurement processes of Paris2024 and Solideo?

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