How Can FIFA Be Held Accountable?

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Outline

- Accountability defined
- Seven mechanisms of accountability
- The seven mechanisms and FIFA
- The IOC as precedent?
- Prospects for FIFA reform
“... implies that some actors have the right to hold other actors to a set of standards, to judge whether they have fulfilled their responsibilities in light of those standards, and to impose sanctions if they determine that those responsibilities have not been met.”

Grant and Keohane (2005)
International organizations typically studied by academics

- IMF
- United Nations
- World Bank
- International treaties (e.g., climate change)
What is FIFA and why is accountability difficult?

- An association of associations
- Incorporated in Switzerland
- An NGO
- Its public face is on the pitch
Mechanisms of Accountability

- Hierarchical
- Supervisory
- Fiscal
- Legal
- Market
- Peer
- Public reputational

Grant and Keohane (2005)
Mechanisms of Accountability

- **Hierarchical**
  - No external board of directors
  - FIFA President is accountable to the FIFA Congress which he leads

VERY LIMITED HIERARCHICAL ACCOUNTABILITY
Mechanisms of Accountability

- **Supervisory**
  - Requirement for super-majority in procedural votes
  - Important decisions left to the Executive Committee and several other small committees
  - Accountable to Swiss law, which is generous to international organizations

**VERY LIMITED SUPERVISORY ACCOUNTABILITY**
Mechanisms of Accountability

Fiscal

- Audited by KPMG, under provisions of Swiss law
- FIFA has a finance committee (6 members, 2 recently suspended under alleged financial corruption)
- According to KPMG report:
  - In 2010 disbursed $50 million in base support to member associations, plus $150 million more in discretionary funds
  - $1.28 billion in reserves
  - 34 “key personnel” received $34.5 million in compensation

VERY LIMITED FISCAL ACCOUNTABILITY
Mechanisms of Accountability

**Legal**

- Several lawsuits brought against FIFA under Swiss law (Less stringent business laws in Switzerland before 2006; adjudication still pending on release of documents from a settled case)

- Lawsuit under European law: *Sporting Charleroi v. FIFA*, over compensation for clubs for players injured in FIFA competitions
  - **settled out of court**
  - **Demonstrated indirect legal accountability**

LIMITED DIRECT LEGAL ACCOUNTABILITY
CONSIDERABLE INDIRECT LEGAL ACCOUNTABILITY
Mechanisms of Accountability

- **Market**
  - Major corporate sponsors for WC 2014: Adidas, Coca-Cola, Visa, McDonalds, Emirates, Budweiser, Castrol
  - Four of these have issued statements about recent FIFA conduct
  - Co-dependency: $2 billion of Adidas 2010 $17 billion in revenue came from WC balls and jerseys

MARKET ACCOUNTABILITY IS POWERFUL, BUT OFTEN TRAILS RATHER THAN LEADS
Mechanisms of Accountability

- **Peer**
  - FIFA has only one potential peer -- IOC
  - Watchdogs -- e.g., Transparency International, Play the Game

**VERY LIMITED PEER ACCOUNTABILITY**
Mechanisms of Accountability

- Public reputational
  - “Football politics only interest people who are interested in football politics, and there are not many of them” – Italian journalist, 2011
  - Most media coverage is of what happens on the pitch, as we have learned this week at PTG

VERY LIMITED PUBLIC REPUTATIONAL ACCOUNTABILITY
IOC Reform as Precedent?

- IOC 2000 Report

- Representative Henry Waxman response (1999):

  “The bill I have introduced today would prohibit American corporations from providing any financial support to the IOC until the IOC adopts the Mitchell commission reforms.

  I regret that this legislation has to be introduced. I had hoped that the IOC would adopt the necessary reforms on its own accord. It is apparent, however, that the IOC is reluctant to take strong and immediate action. Perhaps, the only thing that will get the IOC's attention is if American corporate money is cut off.”
IOC Reform as Precedent?

• Reform was led by legal (indirect) and fiscal accountability under existing US anti-corruption laws
• Political and institution leadership (e.g., R. Pound)
• Media coverage (public reputational accountability) reinforced calls for reform and made the issue politically salient (ensuring the attention of policymakers)
• Context mattered -- Salt Lake City (and then Atlanta) ensured that US politicians could not ignore the issue
• Viscous/virtuous cycle
• Ultimately IOC had no choice but to exercise hierarchical accountability
Prospects for FIFA Reform?

• Requires leverage
• US has relevant anti-corruption laws, but little political interest in FIFA
• UK has much political interest in FIFA, but lacked relevant anti-corruption legislation (until Anti-Bribery Act took effect in July, 2011)
• Other candidate (inter)national government leaders? Germany? EU?
• NGOs? UEFA? IOC?
How can FIFA be held accountable?

= Leadership (politics, NGOs) + Leverage (law, economics) + Visibility (media)
How to provide feedback!

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  - Please email me for a copy of the paper
- http://leastthing.blogspot.com

Thank you!