

IPACS Task Force 2

TOOLKIT – REALLOCATION OF SPORT EVENTS

Toolkit components

This toolkit is composed of: (a) an introductory section; (b) a checklist of useful questions, which can guide sport-event owners to identify their status quo in terms of reallocation in order to improve their processes and regulations; (c) a reallocation-assessment tool linked to a set of risks and practical recommendations towards their minimization, and (d) appendices including good practice examples such as Bidding procedures, Bidding policies, Event Guidelines, Host Contracts and Insurance Contracts.¹

Introduction

Reallocation of Sport Events – Definition

Reallocation is the process of awarding a sport event to a different Host (City, Region, Country, or multiple or combination of them) from the initially selected Host.

Causes for reallocation

The reallocation can be the result of an irreversible situation which makes the hosting of the sport event at the initially chosen location impossible. Such a decision might be linked to health challenges (e.g. pandemic situation), economic, social, political situation pertaining in a Country or Region or a variety of other factors that similarly prevent the sport event from taking place. It is important to note that the reasons for reallocation must be examined on a case-by-case basis and that this document does not provide an exhaustive list of all possible reasons for reallocation, as they can vary significantly from one occasion to another.

¹ The IPACS Task Force 2 will continue to collect documents that serve as good practice examples in the area of reallocation of sport events and to update the (d) section of this toolkit as appropriate.

Objectives

In 2020, the Covid-19 pandemic and other cases of force majeure forced several sports events to be cancelled or postponed. This is not a new situation. This has happened several times in the past, even for the Olympic Games. For instance, in 1938 the Japanese organisers of the 1940 Tokyo Olympic Games informed the IOC that they were unable to host the event and this edition of the Games was then awarded to Helsinki to be finally cancelled because of the Second World War; the Denver 1976 Winter Olympic Games were reallocated to Innsbruck after Denver renounced. However, sport competitions at that time were not the global impacting events they are today. This is why it is necessary to develop a toolkit with a view to handle the situations of reallocation in a proper and organised way.

The reallocation of a sport event is considered to be an exceptional situation which should be assessed by the involved parties on a case-by-case basis. Nevertheless, it should be recognised that the reallocation of sport events may require urgent action due to tight delivery timeframes, financial pressure for sport-event owners and of other stakeholders involved in the process. Equally, there may be a variety of other factors that need to be considered in each situation's specific context, which may constitute a threat to the integrity of the reallocation process, particularly if minimum conditions and requirements are not met. At the same time, the impact of a decision for reallocation can be very considerable for the involved parties, and it is therefore essential to maintain a level of flexibility throughout the process while at the same time recognising and taking into account the significant impactfulness of the decisions being made.

The present toolkit on reallocation has the following objectives:

- a) to provide the sport-event owners with a practical guide on how to deal with the challenges of a reallocation process, and;
- b) to contribute to ensuring the integrity of a reallocation procedure, providing suggested tools to mitigate the risk of fraud and, specifically, corruption.²

² IPACS notes that the definition of fraud and corruption varies among countries and jurisdictions. In particular, the Organisation for Economic Cooperation and Development (OECD), the Council of Europe (CoE) and the United Nations (UN) Conventions do not define "corruption". For the purposes of reference in the context of the current document, the following definitions may apply:

1. Fraud
 - a. "Fraud is any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain", Association of Certified Fraud Examiners (ACFE).
2. Corruption

General considerations

Reallocation of sport events is an emerging issue for sport-event owners (International Federations and/or Major Event Organisers), which was in particular observed as a consequence of the Covid-19 pandemic outbreak. Meanwhile, a reallocation might also be the result of other circumstances, for instance in cases of non-compliance of National Anti-Doping Organisations with the World Anti-Doping Agency regulations (see RUSADA case³) or because of social, political or financial instability in countries selected to host an event (such as a referendum against the event, political crisis, financial problems of organisers, etc.). One example of reallocation for the reasons of “safety and security issues” linked with a socio-political crisis in a country was the case of Belarus and its withdrawal from co-hosting the 2021 IIHF World Championship⁴ another was the decision by the World Athletics Council to relocate the World Race Walking Team Championships due to be held in Minsk in 2022.⁵

A reallocation process, dependent on the time between the decision to reallocate and the event date, can be performed either:

- 1) through a new, potentially accelerated, awarding process;
- 2) through a dialogue phase with one of the other candidatures that had not been selected in the initial candidature process; or
- 3) through a dialogue phase with a new interested party(ies).

When the sport-event owner is dealing with the need for reallocation, it is suggested that they consider general aspects which should be applied when a policy is written and the process is started. In particular, the following principles should be taken into consideration:

- **Elevated risk of corruption:** need to deal with increased risks. In fact, moments of crisis are typically seen as being ripe for corruption.⁶ In the case of reallocation, the augmented risks can be linked with a shortened decision-making process, an acceleration of the operations’

a. “Corruption is the abuse of public or private office for personal gain”, OECD (definition for policy purposes).

b. “Corruption is a term used to describe various types of wrongful acts designed to cause an unfair advantage. It can take on any form including bribery, kickbacks, illegal gratuities, extortion and collusion. It involves the wrongful use of influence to procure a benefit for the actor or another person contrary to the duties or the rights of others”, ACFE.

³ https://www.tas-cas.org/fileadmin/user_upload/CAS_Media_Release_6689_decision.pdf.

⁴ https://www.iihf.com/en/events/2021/wm/news/24134/iihf_to_move_2021_world_championship.

⁵ <https://www.worldathletics.org/news/press-releases/world-race-walking-team-championships-minsk-2022-relocate>.

⁶ The fraud triangle, a framework coined by the American sociologist Donald R. Cressey, explained that the cause of fraud is the combination of three elements: the opportunity to commit the fraud with a perceived minimal likelihood of being detected, the ability to rationalize the misconduct to justify the crime and the situational pressure (time pressure, financial pressure, media or public opinion pressure, etc.).

delivery, shortened procurement and recruitment processes, the limitation of choice of the most appropriate Hosts, a limited evaluation process, financial constraints as well as limitation of exploitation of events' revenues.⁷

- **Flexibility:** need for agility and adaptability in the policy and procedure, including the potential requirement for authority for sport event choice of location decision-making to be delegated to a smaller more agile decision-making body of the sport-event owner.
- **Timing:** need for accelerated procedure, including related decision-making processes. By definition, a reallocation process will translate into a reduced timeframe for the new Host to prepare for the event. In particular, when a Host Contract exists between the sport-event owner and the original Host, the sport-event owner should withhold from openly and actively looking for an alternative Host until the original Host has been officially notified and the contract terminated to the satisfaction of both parties. As such, the event objectives may also need to be reviewed to accommodate, potentially, a reduction in time, resources and capabilities available to the alternative Host.
- **Transparency:** considering the elevated risk of corruption, transparency regarding the reallocation process must be ensured to avoid doubts that can arise from the accelerated procedures but, at the same time, safeguarding and protecting the rights of all the parties involved. Notwithstanding that reallocation decisions must be made swiftly, open communication regarding decisions taken is strongly suggested.
- **Exploit new opportunities:** challenges may often create ways to identify new opportunities. Therefore, the sport-event owners may take advantage of the difficulties generated by the reallocation, e.g. by creating new competition formats (online), increasing use of technologies and social media to raise awareness on the new competition format or combining events for more disciplines/categories at the same location.
- **Fair competition:** following the recent decision of the General Court of the European Union⁸, particular focus to market access must be ensured so that third parties are not unduly deprived of market access to the point that competition on that market is distorted.
- **Fair treatment of the original Host:** The initially appointed Host of the event should be treated with fairness and in accordance with due process. Expenses should be considered, in accordance with the terms of the contract, or as part of a settlement. Costs incurred by the sport

⁷ See also United Nations Office on Drugs and Crime, "A Strategy for Safeguarding against Corruption in Major Public Events" (New York 2013), https://www.unodc.org/documents/corruption/Publications/2013/13-84527_Ebook.pdf.

⁸ See CJEU 16 December 2020 judgment in Case T-93/18, para. 75 ([click here to access the decision](#)).

event owner may be written-off rather than recharged, depending on the circumstances. This is particularly important if the event is reallocated for reasons or factors that are beyond the control of the original Host.

Checklist

The aim of this Checklist of questions is to guide the sport-event owners to identify their status quo in terms of reallocation policies and regulations.

No	Question	Yes/No
1.	Do you have a Bidding Policy/Procedure?	
2.	Do you publish the Bidding Policy/Procedure?	
3.	Do you have a specific Reallocation Policy/Procedure?	
4.	Does your Bidding Policy/Procedure deal with reallocation?	
5.	Does your Bidding Policy/Procedure provide for circumstances/reasoning regarding potential reallocation (force majeure, reputation, inadequate financial resources, Human Rights violations, etc.)?	
6.	Is the decision regarding reallocation subject to review via an independent body?	
7.	Does your Reallocation Policy/Procedure (should there be one) provide for a resolution mechanism regarding the payments due and already made payments?	
8.	Do you have a risk assessment strategy to deal with reallocation?	
9.	Do you have a process describing the steps to be taken to decide to reassign an event?	
10.	Do you have additional Rules/Policies to ensure a fair and transparent decision-making process?	
11.	Are there provisions that mandate those participating in procurement processes to sign a declaration confirming the absence of conflicts of interest?	
12.	Do you have a specific Commission/Body that decides on the reallocation of sport events?	
13.	Do you have a defined criteria/evaluation process for assessing bids/the reallocation of sports events, including transparent information on hosting and financial matters?	
14.	Do you have the capacity/ability to implement a sport event reallocation decision-making review process to evidence the steps taken to ensure transparency, and provide applicants with the right to respond to failed bids?	
15.	Do you have Events Guidelines?	

16.	Do you publish the Events Guidelines?	
17.	Do you have a template for the Host Contract in the event of reallocation?	
18.	Does your Host Contract provide a framework for liability in case of Reallocation?	
19.	Do you have a policy and/or a process in place to monitor the delivery of the events in accordance with your regulations and policy (e.g., respect of ethical principles, procurement standards, anti-corruption standards, etc.)?	
20.	Do you have policy or process in place to ensure legacy and transfer of knowledge of the sport event?	

Reallocation-Assessment Tool

This reallocation-assessment tool's purpose is to set out the risks, divided in 4 thematic areas, linked with reallocation and to provide practical recommendations towards their minimization.

Thematic area	Topic	Risk	Recommendation
1. Strategy	Preliminary considerations	Missed opportunities	Consider: <ol style="list-style-type: none"> 1. Postponement versus reallocation (verifying if it is possible to retain the original Host and postponing the event to a later date) 2. Cancellation versus reallocation (verifying if it is possible and/or more convenient cancelling the event) 3. Contractual liabilities (analysing the financial and contractual obligations associated with relocating the event) 4. Benchmark (exploring the existence of other candidates for the event) 5. Feasibility (examining if it is possible to find an appropriate Host for the event by considering if the prospective new Host locations have the necessary infrastructure, resources and financial support to successfully host the event with a shortened delivery window) 6. Method for reallocation (awarding versus selection) 7. Flexibility measures (accelerated process, contacting previously non-selected candidates, approach previous Hosts versus find new candidate)

Thematic area	Topic	Risk	Recommendation
	Sport Specificity	Missed opportunities	8. Exploit opportunities (combining events by rescheduling the event to a location which is already hosting another of the sport-event owner's event properties ⁹ , New competition formats, on-line events, use of technology, social media)
2. Regulatory Framework	Rules	Lack of regulation increases risk of corruption in the decision-making process	<ol style="list-style-type: none"> 1. Define clear Bidding policy/procedure framework and regulations (including provisions dealing with reallocation). 2. Make sure that the reallocation provisions (usually referred to as « trigger events ») are defined with necessary flexibility to serve the objective and cover all possibilities.
	Decision-Making Process	Unclear decision-making process can create uncertainty about the integrity and transparency of the process	<ol style="list-style-type: none"> 3. Establish and implement: <ol style="list-style-type: none"> a) Conflict of Interest policy; b) Conflict of Interest declaration; c) Gift policy; d) Visit policy; e) Neutrality/Fair Competition policy; f) Register of Consultants; 4. Provide for decision review process with independent/neutral body (this body should not review the decision to reallocate but rather ensure that the process of reallocation was fairly and ethically conducted);

⁹ For instance, see the FIVB example of exploiting new opportunities by combining events [here](#) and by running additional programmes, as an outcome of the events' combination, such as the "[Equal Jersey](#)" Campaign.

Thematic area	Topic	Risk	Recommendation
			<ol style="list-style-type: none"> 5. Establish compliance requirement for bidders (i.e. to avoid and/or detail engagement with representatives of the sport-event owner); 6. Determine a clear decision-making process that is to be applied if a reallocation should become necessary. The process should deal both with the decision to reallocate and the decision to choose a new site for the event.
	Insurance	Risk of financial impact if insurance contract does not cover reallocation cases (minimize impact of reallocation)	<ol style="list-style-type: none"> 7. Insert reallocation clauses in insurance contracts. The reasons for reallocation in the insurance policy should match the reallocation provisions in the general reallocation policy of the sport-event owner (the provisions under most insurance policies are usually stricter and more complex than those found in the sport-event owner’s reallocation policy).
	Host Contract	Lack of provisions on reallocation might undermine the effectiveness of Host Contract (minimize impact of reallocation) in dealing with reallocation and in extreme cases prevent reallocation	<ol style="list-style-type: none"> 8. Include reallocation clauses in Host Contract that permit the sport-event owner to unilaterally decide to terminate the Host Contract or to start a reallocation process (even before terminating the contract) and/or reallocate the event in certain listed circumstances or on the happening of certain events as listed in the Host Contract; inserting a provision for financial set-off in case of reallocation may prevent disputes that might otherwise arise.

Thematic area	Topic	Risk	Recommendation
			<p>9. Make sure to cover how third-party rights already under contract will be dealt with. It may be helpful to ensure that all contracts of the Host with third parties include a clause making them subject to the Host Contract reallocation provisions.</p> <p>10. Publish an outline of the Host Contract.</p>
	Impact of reallocation	Lack of legal framework and of competent body might generate collateral issues, e.g., uncertainty of the financial and other consequences with regard to various existing contractual relationships (measurement of impact of reallocation including the question of whether termination is required or whether transfer is possible))	<p>11. Create a framework to assess and monitor impact of reallocation on existing contractual relationships.</p> <p>12. Have a register of all third-party contracts linked to the implementation of the sport event (including employment).</p> <p>13. Establish a Commission (risk assessment commission) to ensure the impact/costs of reallocation are minimized for all concerned parties and third parties. The decision-making process referred to above should strive to be fair to all those who may be or are impacted by the decision to reallocate, including the sport-event owners' partners such as the International Federations of the sports on the event program, where applicable.</p>
3. Communication	Transparency	Reputational risk (image and credibility)	<p>1. Publish clear framework and regulations that are to be followed for the selection of the venue of the reallocated event.</p>

Thematic area	Topic	Risk	Recommendation
		Lack of appropriate Information	<ol style="list-style-type: none"> 2. Create a public-facing webpage / platform / document with information regarding the process and reallocation. 3. Organise a workshop to raise awareness of and explain in detail the process. 4. Ensure publication of the key steps and decisions. 5. Publish a report of the Evaluation body.
4. Operational	Compliance	Risk of failure in the implementation of the event	<ol style="list-style-type: none"> 1. Respect ethical principles/Code of Ethics - Anti-corruption standards
		Lack of authorisation to hold the event	<ol style="list-style-type: none"> 2. Obtain/maintain the authorisation from local entities to stage the event (respect of health, safety standards, as for instance imposed during Covid-19 pandemic)
	Feasibility (including competition requirement, control mechanism, compliance, procurement, legacy)	Lack of trust in the operation and the sustainability of the event	<ol style="list-style-type: none"> 3. Establish Commission (future events). 4. Conduct Observer program/ for potential future Host Legacy
	Finance	Lack of financial strategy and transparency can lead to corruption risks	<ol style="list-style-type: none"> 5. Audit accounts independently. 6. Ensure transparency in the reporting of the actual costs of reallocation and the revenues that are lost because of the termination of the original choice of venue for the event.

Appendices (Examples section)

Good practice examples¹⁰

1. **Bidding procedure (including some reference to situation of reallocation)**
 - a. [World Athletics Event Bid Guidelines \(C.6.1\)](#)
 - b. [FIVB Club World Championship – Bidding Terms & Conditions](#) (to find under “information regarding the bidding process”)
 - c. [IGF Event Bidding rules](#)

Existing tools for support

1. [IPACS good practice examples for managing conflicts of interest in sport organisations](#)
2. [ASOIF – List of good governance examples relevant with reallocation \(6.5-6.6, 6.8-6.9\)](#)
3. [FIFA Compliance Handbook – a practical, interactive and simple digital document that outlines the basic principles and benefits of implementing compliance systems within sport organizations](#)

¹⁰ See footnote 1.