

## **SPORT AND ECONOMIC DEVELOPMENT**

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Sport began as a leisure time activity reserved only for a few declared amateurs. In the 20<sup>th</sup> century however it has become a social phenomenon for the masses. In industrial countries sport has developed into its own economic branch contributing about two percent to gross domestic product (GDP). Today's challenge is to make sport an economic factor also in less developed countries.

The whole world is waiting expectantly for this event – the 19<sup>th</sup> football World Cup which is set to kick off at the beginning of June 2010 at “Soccer City” stadium in Johannesburg, South Africa. For the first time in its history, the world's biggest sporting event, besides the summer Olympic Games, will take place in Africa.

Hundreds of millions of dollars will be spent to organize this event and many people may well be asking if this money could not have been better spent on something else. But the organisers have already announced high economic returns as well as many job opportunities during the years of preparation alone. And media attention is expected to be huge. During the months of June and July of 2006, the attention of all the media will be concentrating on South Africa. Thousands of journalists will be covering the matches, as well as visiting the eleven cities in charge of the games and reporting on the country and its people. This coverage will entice tourists to visit the region long after the World Cup; and if everything goes well, the world will see the capacities that South Africa has to offer, which in the end will have positive, long term economic effects for this country.

Obviously, this example can be disputed when looking at its significance compared to that of the development of any particular country. Aren't there any other needs that are more important to the country's people? We just have to think back to the graffiti sprayed on a stadium wall at the 1986 World Cup in Mexico: “No queremos goles, queremos frijoles.” (“We don't want goals, we want beans”). Nevertheless, we can see the potential economic boost that hosting sporting events can give to less developed nations in an era of globalisation. South Africa, for example, recently adopted a public policy to systematically organize international sporting events, such as the Olympic Games. In the past, rising economic powers such as Japan (who hosted the games in Tokyo in 1964), Korea (Seoul 1988), and China (Beijing 2008) have already taken the same path.

All young people in Africa and on other continents will be riveted by the World Cup broadcasts (if they have access to a television) and will undoubtedly be able to identify with its stars. Once the games are over, they will probably find themselves kicking a ball around with their friends on an improvised pitch. Some of them will even begin practicing football more seriously at local sporting centres and clubs in hopes that one day they will be able to play at the highest levels of competition in their nation or even score the winning goal for their country at the World Cup.

## **Putting the Wheels in motion: “events, practice, equipment”**

Major sports events are of limited and brief interest, if they do not succeed in motivating the masses to play sport, which in turn stimulates the market for sports articles and equipments, from shoes for the individual athlete to community facilities for a broad range of disciplines. “In order for ten people to have an amazing prowess, you have to have one hundred practicing intensely and one thousand just participating in the sport culture,” said Pierre de Coubertin, the founder of the modern Olympic Games. “In order to sell millions of T-shirts and basketball shoes, you have to have tens of millions of people playing sports and attributing to it a positive image,” could be added by today’s sporting good industry.

This economically virtuous dynamic functions in developed countries. Playing sports has become its own market because of non-profit associations or private enterprises that offer all sorts of services from simple personal instruction to a subscription in a fitness centre. There is also a significant market for sports events through broadcasting and sponsorship rights to ticket sales. These three markets – sports activities, sports equipment and sports events – interact to set the wheels in motion for an economic development which cannot be ignored and which creates a growing economic sector. Sport has become not only a consumer good, but consumes goods itself. It generates economic wealth and jobs, and at the same time brings health and educational benefits to those who practice it.

How can this dynamic be brought to less developed nations? In 1995 UNESCO did a study about sport in less developed countries in Africa (one of the very rare studies on the topic). It showed clearly that the level of sporting activity was very low. This was due in particular to a lack of sports instruction at schools, a lack of sports teachers and coaches, and also an incredible absence of sporting equipment, notably for those sports calling for demanding installations. This situation results from insufficient government funding coupled with an explosive increase in population that lowers the availability of human and material resources per person even more.

Projects financed by development agencies, which are intended to make up for the lack of state funds in the area of education and sports installations, can contribute to the promotion of mass sports and to economic development of the regions and countries in which they take place. There are more and more examples which support this thesis.

- In African countries, especially in the Central African Republic, Democratic Republic of the Congo, Ghana, Guinea-Bissau, Lesotho, Mozambique, Sao Tome and Principe, and Zambia, the Olympafrica Foundation, which is financed by the International Olympic Committee and Daimler Chrysler, has built simple sporting facilities and installed basic equipment to promote sports activities particularly in track and field. Each of these facilities creates jobs which in turn promote local economic activity.
- In the Caribbean, notably on the island of St. Kitts, the successful STRONG project has been supported for six years by the association called Commonwealth Games Canada. It motivates adolescents to stay in school through classes in gym, language,

and computers in order to help them develop their resumes and obtain internships at local businesses. Provisions have been made to realize this project on other islands in the area.

- In Afghanistan, South Asia, Bolivia, and other countries, the French non-governmental organisation “Sport sans Frontières” (Sport without borders) is carrying out projects which aim to give everyone access to sporting activities and to promote local economic development.
- For about twenty years now, international sporting federations such as FIBA (basketball), FIFA (soccer), and FIVB (volleyball) have financed the construction of playing fields and have donated equipment to practice their particular sport. While their number one goal is to promote their own sport, these international federation projects have had significant economic returns in the cities where they have been installed.
- In developed European countries, farming and mountainous regions have found a new lease on life by responding to a new demand for outdoor sport and recreation often linked with cultural and social events, in particular those sought out specifically by tourists. These activities along with the required equipment of open spaces have created added value economically for these regions.

In addition to the creation of new sources of income at different levels, sport can also have indirect economic consequences. For example, it can improve the efficiency of a national economy by contributing to maintaining and improving the health of the people. This means that fewer workers have to take sick leave which in turn means less production days lost and lower costs for health services. Through sport, children and teenagers can acquire basic social and organisational skills which are also important in economic life. Different examples also show that sport is a good way to motivate young people to participate in training programmes and to stick to them.

### **Success Factors**

Only a few studies have been made about the economic impacts that sport projects have on less developed countries. In the countries of the North macroeconomic analyses into the size of the sport sector in the economy have been done, notably under the sponsorship of the European Union. Many studies have also been conducted on the impacts of sporting events, usually before they occur, either by the supporters or the opponents of such projects, so that the results tend to be rather subjective. Independent economic studies were performed in North America to determine if professional sports teams and their arenas had any economic impact on the region in which they were located. Nearly all the studies showed that there was no real impact on the economy.

Taking this into account we must be cautious in analyzing the direct economic effects of sport projects. To obtain a real evaluation, we must remember the value of their economic benefits as well as their environmental and social benefits. In most cases, there is a lack of ex-post studies and cost-benefit analysis in developed countries too. Such analysis would inform the public authorities and potential donors of the usefulness and durability of subsidies as well as donations to sports.

Today's sport is moreover faced with problems such as drugs, violence and corruption which had led to doubt the socio-economic benefits of sport in countries of the North. These problems do not of course need to be exported to the countries of the South. It must be ensured that the sport development projects launched in these countries rest on the principle of "S.A.F.E." sports, an acronym standing for the following qualities of sport activities:

- **Sustainable:** projects avoid setting up structures which do not respect the local culture or do not take local conditions sufficiently into account. Instead, projects insure sustainable regional development.
- **Addiction-free:** Projects discourage use of dangerous substances whose sole purpose is to enhance individual performance but in the long run damage the health of the athlete. Instead, projects promote a healthy lifestyle without addiction.
- **Fair:** Projects condemn discrimination of any kind, racial, sexual, or other, and reject all violence whether be it physical or mental. Instead, projects ensure that sport and fair play is used for the complete upbringing of young people.
- **Ethical:** Projects reject all forms of corruption and criminal activity. Instead, projects contribute to a clean economy that respects universal ethical conduct.

These four principles are part of the Magglingen Declaration adopted at the 1<sup>st</sup> Magglingen Conference on Sport and Development in February 2003.

### Unanswered Questions

In connection with the use of sport as a driving force for economic development in less developed countries, there are still several unanswered questions that we cannot ignore.

Numerous countries in Africa, Latin America, the Caribbean and Asia are threatened by a "muscle drain", analogous to the "brain drain". These countries are not in a position to guarantee their best athletes economic benefits commensurate with their talent. These athletes often develop their careers in Europe, North America, and the Gulf states. This phenomenon is not only seen in soccer and track and field, but also is making its way throughout other sports. Moreover, this phenomenon favours ambiguous and even illegal dealings. It undermines the development of sport in the countries concerned. Wladimir Andreff has proposed to introduce a "Coubertobin tax" for the transfer of such athletes and players. It is however only in developing a local market for sporting events with sponsors and media in the countries of the South that this phenomenon could end. *What measures can the Sport and Development conference propose to limit this "muscle drain"?*

Today the majority of athletic materials are made in less developed countries where the labour is cheap and the working conditions are sometimes unacceptable. Popular brands have been subject to suspicion of having used children to make athletic balls, shoes, and clothes. The World Federation of the Sporting Goods Industry started surveillance and labelling programmes to prevent further abuse. Consumers' vigilance in developed

nations and the growth of local markets should help in controlling this problem. *What measures can the Sport and Development conference propose to avoid the fabrication of sporting goods in sweat shops?*

Scientific research has long ago shown a strong correlation between international athletic performance and national economic development. Researchers have also been able to predict with certitude the exact number of medals each country would win at the Olympic Games. It is also known that around three-quarters of the countries that partake in the Olympic Games and other major competitions do not receive a single medal. This reality discourages athletes, their fans and their sponsors in the South and could in the long term endanger these sports encounters which are important for international relations. Only through the growth of practicing sports of all kinds in less developed countries can we reverse this trend and forge a new common identity; an identity that also has economic as well as social value. *What measures can the Sport and Development conference propose to eliminate the monopolization of medals by the more developed countries that participate in the major competitions?*

The under-development of sports in countries of the South is simultaneously an attribute and a consequence of their economic under-development. If sport can be successfully promoted in these countries in a S.A.F.E. way, we can hope to break the downward spiral and begin to release forces which will lead to positive economic and social growth without harming the environment.

With the organisation of the 2010 World Cup and other major sports events, South Africa has accepted the challenge to use sport for economic development. How it will deal with it will emerge in the next few years. South Africa may very well inspire other developing countries to launch their own sport projects that will in turn give them relevant economic rewards.

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