



















MODULE 4 Economic induction related to sport



SEGMENT 4

Sport and development

Major sports events arise limited and short-term interest. During this period of time they must be able to inspire and encourage the masses to practice sport, boosting the market.

"In order to make ten people excellent at sports, it is necessary that one hundred people practice intensively and at least one thousand are interested or intrigued by the culture of sport," said Pierre de Coubertin, the founder of the modern Olympic Games.

"To sell a million t-shirts and shoes of a basketball champion, it takes tens of millions of people who follow basketball to give the athlete and the sport itself a positive image," may be added by the good sports industry today.



Since the 1980s, sport has progressively gained a leading position in developed countries as an important production sector, offering the audience a range from simple personal education to a subscription in a **fitness** center.

At the same time, there has been a burst of a market for sports events through the sale of rights, and sponsorship. These <u>three pillars</u> - **sports activities**, **sports equipment** and **sports events** - are responsible for a market driving economic development that cannot be ignored and which is creating an exponentially growing economic sector.



Sport has become not only a consumer good, it produces economic wealth and jobs, and at the same time brings benefits in terms of health and education to those who practice it.

Given these observations, the real goal is: how is it possible to achieve this condition in developing countries as well? Since 1995, **UNESCO** has been drafting reports on the situation of sports practice and economy in the least developed countries of Africa (one of the very rare studies on the subject).

The first data highlighted concerns the very <u>low rate of sports</u> activity carried out within the educational institutions analyzed. This type of data is strongly influenced by the <u>lack of human capital specialized in</u> teaching and launching sports and the <u>complete lack of sports equipment</u>. Poor government funding that is associated with a strong increase in the population that further reduces the availability of resources similar to what was identified as the **Malthusian trap**.





In order to respond to these difficult starting conditions, projects financed by <u>development</u> <u>agencies for the promotion of mass sports</u> and the economic development of the countries where they take place have been introduced.

1. In African countries, in particular in the Central African Republic, the Democratic Republic of Congo, Ghana, Guinea-Bissau, Lesotho, Mozambique, Sao Tome and Principe, the Olympafrica Foundation, funded by the **International Olympic Committee**, has built simple sports facilities and installed basic equipment to promote sports activities in particular regarding athletics. Each of these facilities creates jobs and promotes local economic activity.

2. In the Caribbean, particularly on the island of St. Kitts, the successful STRONG project has been supported for six years by an association called **Commonwealth Games Canada**. The program aims at motivating and supporting teenagers in remaining at school and developing their education through gym, language and computer classes in order to enhance their curriculum and obtain internships in local businesses.



3. In Afghanistan, South Asia, Bolivia and other countries, the French non-governmental organization "*Sport sans Frontières*" is implementing projects aiming at giving everyone access to sports activities and promoting local economic development.

For about twenty years, international sports federations such as the **NBA** and **FIBA** (basketball) have been financing the construction of playing fields and donating equipment to spread and encourage the practice of basketball in the poorest areas of the world thanks to projects such as NBA Cares. It has been particularly interesting to see how these projects promoted by international confederations have had significant economic impacts in rural and metropolitan areas where they have taken place, although the primary purpose of these initiatives was to promote physical activity.







In addition to creating new sources of income at different levels, sport may also have indirect economic consequences. For example, it can <u>increase the efficiency of a national economy by helping to preserve and improve the health of people</u>. In other words, there are fewer workers who have to take sick leave and consequently fewer days of lost production and lower costs for health services. Thanks to sport, children and adolescents can acquire basic social and organizational skills which are also important in economic life. Several examples show that sport is also a good way to encourage young people to attend training programs and to follow them.

Only a few studies have been carried out regarding the economic impacts of sports projects on less developed countries. In northern countries the dimensions of the sports sector in the economy have been macro economically analyzed, in particular under the <u>sponsorship</u> of the **European Union**. Many studies have also been carried out on the impacts of sports events, usually before they occur, either by supporters or opponents of such projects, hence the results tend to be rather subjective. Independent economic studies have been carried out in North America to assess whether professional sports teams and their arenas have had an economic impact on their region. <u>Almost all studies have shown that there has been no real impact on the economy</u>.

In order to obtain a real assessment, we must remember the value of the economic benefits and the environmental and social benefits of sports projects. In most cases, there is a lack of ex post studies and cost-benefit analysis even in developed countries.

Today, sport has to cope with issues such as drugs, violence and corruption which have led to concern about the socio-economic benefits of sport in northern countries. These problems should obviously not be exported to southern countries. Sports development projects launched in these countries must be based on the principle of "S.A.F.E." sport. Such acronym stands for the following qualities of sports activities:

Sport and Development: factors to success

- 1. Sustainable: projects avoid creating structures not respecting the local culture or not taking sufficiently into account local conditions. On the contrary, the projects favor sustainable regional development.
- 2.No addiction: projects discourage the use of dangerous substances whose only purpose is to improve individual performance, but which in long term may damage the health of the athlete. Instead, the projects favor a healthy lifestyle without addiction.
- 3.Fair: The projects condemn any kind of racial, sexual or other discrimination and reject all violence, both physical and mental. Instead, the projects ensure that sport and fair play are used for the full education of young people.
- 4. Ethics: The projects reject any form of corruption and criminal activity. Instead, the projects help creating a clean economy respecting universal ethical conduct.

Keywords

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Sport Activities

Sports equipment

Sporting events

UNESCO

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International Olympic Committee

Commonwealth Games Canada

Sport sans frontières

NBA

FIBA

Sick Leave

Health services

European Union Sustainable Without addiction Exhibition Ethics



















