

“Financing of grassroots sports: the views of the Olympic and Sports Movement”

Ladies and Gentlemen,

There is no need to recall that the issue of financing of grassroots sport is of utmost importance for the Olympic and Sports Movement. There is no need to recall that grassroots sports are fundamental for the organisation of sport in the world. We expect a lot from the conference organised today – in this regard, I would like to thank the European Commission for the initiative of setting up this conference with a wide range of actors involved in sport.

The timing of the conference is not the best especially for the representatives of the Olympic movement since they currently are in Vancouver attending the Winter Olympic Games. Lots of them – including the president the EOC Patrick Hickey - would have wished to attend this important event.

However, the timing is great when talking about financing of grassroots sport. The sustainability of the financing of grassroots sport is currently at stake. It would be difficult in 5 minutes to summarize the whole situation unfortunately, but the various contributions from NOCs and national sport confederations we have received so far in the framework of the study converge and have shared concerns and priorities:

As presented previously by Eurostrategies and Amnyos, the models of financing of grassroots sport are various in Europe. It shows the diversity of the financing of grassroots sport (public and private resources are mixed up) and its complexity. I will then rather focus on challenges ahead of us and why we have good reasons to be worried (which was outlined by the preliminary results of the on-line consultation).

Fragility of financing of grassroots sport and financial crisis

My first general comment is about the fragility of the financing of grassroots sport. The main challenge for the coming years will be to ensure its sustainability, which is currently even more weakened by the context of **financial crisis**:

- Grassroots sports are primarily financed by local authorities. The trend in some countries is that local authorities cut down their efforts to support local clubs, to finance sport facilities, they tend to cancel or postpone expenses, because they have to face other priorities (the NOC of Denmark witnessed for example that local authorities have currently to face the raise of social expenses due to the raise of the unemployment rate, to the detriment of sport)
- Grassroots sports have also to face – it is a common trend for all sport organisations at international level too – the withdrawal of private partners –SMEs in particular as far as grassroots sport is concerned
- National governments have sometimes to cut down budget devoted to sport – which is problematic for countries where involvement of States funding is very high.

How could we measure the impact of such situation? Once again, contributions from NOCs and sport confederations share the following analysis:

- the sport practitioners will probably face a raise in costs (licences, access to clubs) and therefore, we may face a decrease of sport practitioners,
- the diversity of the sport practice may be affected, popular sport will remain, but it will be more difficult to access the whole range of sports
- a decrease in the quality of the sport offer at local level (sport facilities less attractive, less qualified human resources available to ensure that clubs are run properly) and possibly a decrease of sport clubs in Europe

Therefore, what solutions can be found in order to tackle these problems? What shall be done in order to ensure a sustainable financing of grassroots sport especially when it comes to the European level?

The positive impact of the new EU competence in the field of sport

The Treaty on the Functioning of the EU (TFEU) has just entered into force. Explicit references to sport (articles 6 and 165) will allow finally the EU to be active in the field of sport. This new competence will therefore allow the EU not only to initiate a EU funding program in the field of sport but also to better mainstream sport projects in existing EU funding programs (structural funds especially). We believe this new public source of revenues will benefit primarily to the financing of grassroots sports, whether it would support the involvement of volunteers in sport (which is a common concern of sport organisations, how to renew new generations of volunteers) or even the financing of sport facilities at local level.

Taking into account the specific characteristics of sport is the second positive aspect of TFEU is that it will take into account the **specific nature of sport**. Among these specific characteristics and when referring to EU principles (competition rules, internal market rules), we believe that **financial solidarity mechanisms** (a large majority of Member States have organised their solidarity mechanisms, whether it is by legislation or by convention between sport actors) shall be better safeguarded.

At international level, taking the example of the IOC, 90% of the revenues generated by the IOC are redistributed to more than 200 NOCs throughout the world, to the organisation of the Olympic Games (support to OCOGs) and to international Olympic federations. It includes also the financing of the Olympic Solidarity Program, which aims to support grassroots sport in particular. Over the period 2009 until 2012, the Olympic Solidarity program represents 311 USD millions. Taking a concrete example in Europe, the European Youth Olympic Festivals (EYOFs) are supported in this framework¹.

It means that collective selling of medias rights and in general a **better protection of rights** owned by sport organisations is not only crucial for the direct beneficiaries (the sport organisation who have the chance to be media friendly) but also and more importantly for the entire sport chain, from top elite/professional sport organisations to the bottom of the sport pyramid. The analysis shown previously by Eurostrategies and Amnyos illustrates the importance of solidarity mechanisms which are without any doubt an excellent illustration of the specific nature of sport.

¹ The last EYOF of Tampere (Finland – 2009) was also supported by the EU

The Olympic and Sports Movement expressed recently in a common position (25 January 2010), related to the implementation of the TFEU in the field of sport, the following arguments, which I will recall now: **“Financial solidarity mechanisms** should also not be assessed exclusively with regard to EU competition principles or internal market regulations, since they aim to ensure above all the development of harmonious sports practice in the world and to develop grassroots sport in particular... The collective selling of commercial and broadcasting rights of sports competitions, as well as mechanisms of training compensation, are therefore of utmost importance since they aim to guarantee a stable and equitable financial redistribution to sport actors throughout the pyramid of sport.”

In addition, “the EU Institutions are asked to support the arguments brought by sports organisations regarding their legitimate right to control the legal framework surrounding sports events”.

Ensuring that revenues coming from gambling activities are stable: a challenge both at EU and national level.

Revenues from gambling activities are extremely important for the financing of grassroots sports. It is a common trend within the EU and a shared concern from all NOCs and national sport confederations. Among the various models chosen by the Member States to channel incomes from gambling activities to the benefit of grassroots sport, the current legal uncertainty at EU and national level is not a favourable context to ensure a financial stability. Some countries are trying to adapt their legislation in this field (in various ways), to regulate with more efficiency the gambling market (reducing illegal betting for instance) and to keep permanently the financing of grassroots sport as a top priority (also in different ways). These efforts shall be fully supported especially when they aim to ensure the stability of the financing of grassroots sport.

In the Common position of the Olympic and Sports Movement I was referring to previously, a specific point related to gambling was expressed: “The EU should ensure that the funding of sports federations will not be jeopardised by this new betting and gambling context. The financial stability of sports organisations, and more especially of grassroots sports organisations, would need to be considered a priority Based on the ongoing EU study of internal market barriers to the financing of sport, the EU is encouraged to further develop exchange of best practices and coordinated actions on the financial impact of gambling and betting for grassroots sports organisations. “



The announcement made last week by Commissioner Barnier to launch a **Green Paper on gambling** (*confirmed today by Mr Berardis today*), which would include the financing of sport, would be a great response to the call made by the Olympic and Sports Movement.

Ladies and gentlemen, we look very much forward to the outcome of the study launched by the European Commission. We believe that the exchanges today and the coming months will be very fruitful and help to find solutions at EU level to ensure a prosperous development of grassroots sport in Europe. This challenge is huge. It also requires the commitment from ALL the actors participating to the financing of grassroots sport, directly or indirectly, at every level and without any exception.

Thank you for your attention.

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