



Study on the funding of grassroots sports in the EU

With a focus on the internal market aspects concerning legislative frameworks and systems of financing

Executive Summary

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Introduction

Grassroots sport¹ is an important activity in Europe because of its contribution to the EU economy and the value it renders to society as a whole. As highlighted in the European Commission's White Paper on Sport² of July 2007, sport activities generate numerous benefits to society. Increased recognition of the benefits of a regular practice of physical activity, and of sport, especially in an organised framework, has made the development of grassroots sport a major policy objective in many Member States.

The number of people who regularly practice physical activity and sport varies across countries in Europe, however. Participation rates are above-average in the Scandinavian countries, and are low in the southern and eastern EU Member States. The objective of raising sport participation rates across the EU is thus an ambitious one.

One of the biggest challenges to the future development of the sector is financial: grassroots sport relies on a variety of funding sources which are not all growing at a rapid rate. The recent economic and financial crisis will impact on the future trends in resources. The regulatory framework and technological changes may also impact key funding sources.

Study objectives and approach

The objectives of this study were to:

- identify the key financing models for grassroots sport across the EU;
- analyse the impact of the legislative frameworks in place across the EU on the level of funding available for grassroots sports, and highlight any regulatory aspects that could give rise to Internal Market problems;
- analyse the sustainability of the various funding models;
- assess the relative strengths and weaknesses of different financing models, and identify the most efficient and sustainable models;
- draw, where appropriate, policy implications at EU level.

The study was carried out in four phases:

- An e-consultation open to the general public, launched at the outset of the study (between December 2009 and end-January 2010);
- A survey of the ministries in charge of sport in each Member State, as well as of the National Olympic Committees and representatives of national sport confederations; the survey sought to collect as much recent data as possible on funding sources for sport, and in particular grassroots sport, in each country;
- Interviews with a variety of stakeholders, including sport federations, representatives of regions, national and international organisations in charge of, or related to, sport, as well as representatives of state lotteries, gambling and betting services operators and media rights owners;

¹ In this study, "grassroots sport" covers all sport disciplines practiced by non-professionals and organised on a national level through national sport. The definition thus excludes individuals who spend the bulk of their time practicing sport, or who take the bulk of their revenue from the practice of sport.

² European Commission White Paper on Sport, 11 July 2007, COM(2007) 391 final

- An in-depth survey of grassroots sport clubs in a number of disciplines and countries selected on the basis of criteria to ensure that the bottom-up analysis covered a large diversity of situations. The purpose of the survey of clubs was to collect first-hand information and data on their financial structure, along with the clubs' opinions on a variety of themes including:
 - Number of members, disciplines offered, location, year of creation of the club, legal status;
 - Trends, and composition of, membership;
 - Detailed revenue and cost structures;
 - Trends in revenues and costs;
 - Ownership of infrastructure;
 - Partnerships with other stakeholders;
 - Perceived barriers to growth;
 - Risks for the future (threats, opportunities);
 - Future plans.

The information and data thus collected, both of a “top-down” and “bottom-up” nature, made it possible to characterize the different types of funding models that exist across the EU, and to analyse their respective strengths and weaknesses. Their efficiency was assessed on the basis of: (i) the absolute level of participation in the relevant discipline, based on membership; (ii) the growth in the level of participation of that discipline; (iii) the average cost per practitioner; (iv) the diversity of practitioners (measured by age, gender, disability, etc.); (v) the ability for grassroots clubs to attract private financing sources; and, (vi) the sustainability of financing sources.

One of the main conclusions of the study is that, although the grassroots' sport sector differs from other economic sectors on many counts, including its “general public interest” mission, it responds to economic forces just like any other sector. Demographic trends, changes in the business cycle, in the competitive environment and in the regulatory framework all influence the development, and the performance, of grassroots sport clubs.

Perception of the challenges facing grassroots sport by different types of stakeholders

The e-consultation and interviews with representatives of the sport movement undertaken in the first months of 2010 indicate that the sport clubs, the national sport federations, the sport practitioners and other “funders” of the sport system are well aware of the current challenges facing grassroots sport. In many countries, public expenditure growth will be constrained by the fragile state of public finances. Household expenditures on sport will also be constrained by the expected slow growth – and in some cases the fall – in personal disposable incomes. And companies, which are facing heightened competition in world markets, are reconsidering their investment priorities, putting more emphasis on “social” projects and on corporate social responsibility – currently more centred on environmental protection – than on activities like sport. These factors will impact the future trend in revenue available for grassroots sport.

Another more structural challenge facing grassroots sport is demographic change. According to the 2009 Eurobarometer survey³, it is the young people who are most likely to practice sport within the context of a club: 22% of those aged between 15 and 24 are members of a sport club, whereas for those between 55 and 69 years-old the membership rate is only 9%. Ageing in Europe will therefore reduce the number of potential new sport club members, due to the smaller young-age cohorts. At the same time, the demand from the older population is changing: grassroots sport clubs are finding it difficult to retain the 55+ age category as these presently prefer to practice physical activity outside the organized sport system.

Yet, for the clubs and their members, it is not so much these demographic trends that are the most pressing source of concern:

- for the individuals (sport practitioners) who responded to the e-consultation, the two main “barriers” to sport participation are the lack of time and cost;
- for the grassroots clubs and the national sport federations, the cost for the participant is perceived to be the main barrier (by 22% of respondents). This is followed by the quality and availability of infrastructures (by 13% of respondents).

Further analyses in this study confirm that insufficient infrastructures and human resources represent barriers to the development of sport participation across the EU.

With respect to the main resources which sport clubs report being able to rely upon, the contribution of voluntary work appears to be an essential resource for grassroots clubs. In the survey of grassroots clubs which complements the views expressed in the e-consultation, the contribution of volunteers was mentioned more frequently as an important source of “in-kind” revenue than the availability, free of charge or at a low cost, of public or privately owned sport facilities.

Many respondents to the e-survey expressed concerns about the future funding of grassroots sport. They notably drew attention to the following factors:

- State funding is shrinking and tends to focus on elite (high-level) sport: many respondents to the e-consultation, and many representatives of the federations interviewed during the study, feel that the added value of grassroots sport is not recognized enough in public policies;
- Because grassroots sport is highly reliant on local authorities’ funding, the financial difficulties to which local authorities are faced may lead to a cyclical reduction in public subsidies, threatening the viability of certain grassroots clubs;
- If public funding is reduced, clubs will have to raise their membership fees, which would lead to a reduction in participation rates; the study, however, shows that other resources could be mobilized to avoid such an outcome;
- There is insufficient solidarity between media-exposed disciplines and other disciplines, and between professional and amateur sport within the same discipline;
- The future trend in voluntary work is a source of preoccupation for some clubs; some of the volunteers working today may not easily be replaced in the next 10 years.

³ The 2009 Eurobarometer survey was conducted between October 2 and October 19 by TNS Opinion & Social for the European Commission. It covers the 27 EU Member States and its results were published in March 2010 (Eurobarometer Special 334).

The revenue allocated to sport in the EU-27

Five funding sources account for the bulk of resources going into the sport system. These are:

- Household expenditures;
- Public sector subventions coming from the national, regional and local levels;
- Sponsorship, patronage and donations;
- Revenue from levies and charges on state lotteries, betting and gambling operators, often channelled via the state or regional authorities' budgets, or via special funds set up to finance general interest activities, among which sport;
- Revenue from media rights to sport event organisers, part of which can be channelled to grassroots clubs via top-down solidarity within the sport movement.

In addition to these revenue sources, sport organisations benefit from two types of in-kind resources. The first, already mentioned above, is the contribution of voluntary work. The second is the use, free of charge or at costs below market price, of infrastructures and facilities made available by state and/or local authorities, or by private companies.

For the year 2008, the estimated total budget of the sport system (high-level and grassroots combined) in the EU-27 amounted to € 153.8 bn, of which:

- € 101.0 bn are paid by the households themselves;
- € 26.0 bn come from local authorities (regions, municipalities, etc.);
- € 10.7 bn come from national government budgets (this includes € 2.1 bn from lotteries, betting and gambling operators channelled to sport via state budgets);
- € 10.5 bn come from companies, mainly through sponsorships & donations;
- € 5 bn come from media rights;
- € 0.2 bn come from compulsory levies on the revenues generated by state lotteries, betting and gambling services' operators: this is the part of the revenue that is allocated directly to the sport organisations, without transiting through the central government's budget or funds created by the public authorities;
- € 0.4 bn come from other sources, including EU funding.

In addition to this, sport organisations benefit from the economic equivalent of € 28.4 bn from voluntary work, which represents a complementary funding of 18.4%. Including the contribution of voluntary work, the overall budget of the sport system was € 182.2 bn in 2008.

In the above figures, household expenditures on sport refer to all household expenditures on sport, i.e. including certain expenditures on goods and services not provided by sport organisations, but by sporting goods and sportswear producers, along with other goods and services purchased from commercial organisations. It therefore slightly over-estimates the actual figure.

The revenue allocated to grassroots sport in the EU-27

The value of financial flows specifically allocated to **grassroots sport** in the EU-27 is estimated at € 71.7 bn in 2008, i.e. 46.6% of the revenue allocated to the sport system as a whole. Including the monetized contribution of voluntary work, the total budget for grassroots sport is equivalent to € 97.2 bn.

This figure was calculated by looking at the shares of expenditures by all categories of stakeholders contributing to the funding of sport in general, which are reported to be specifically allocated to grassroots sport. Comprehensive figures were not available for all categories of stakeholders in all countries, so this overall estimate for the EU-27 is based on the data for those countries for which information was available⁴.

Of the total budget for grassroots sport⁵:

- households contribute € 40.4 bn (56.3% of the total budget for grassroots sport),
- local authorities contribute € 23.4 bn (a budget share of 32.6%),
- national governments (via the funds channelled from lotteries and other budget allocations) contribute € 5.3 bn (7.4% of the total),
- sponsors contribute € 1.6 bn (2.2% of the total),
- revenue from media rights allocated to grassroots sport represents € 0.5 bn (0.7% of the total),
- the revenue from the compulsory levies on state lotteries, betting and gambling operators that is channelled to grassroots sport as opposed to all-sport is estimated, through this top-down approach, at € 1.1 bn (2.2% of the total budget for grassroots sport), 90% of which is channelled via government accounts; it was not possible to identify precisely the revenue going to sport from the sport organisations' own lotteries, and from occasional, regional and local lotteries.

The bulk of the difference between the € 71.7 bn budget for grassroots sport and the € 153.8 bn budget for all sports, comes from households expenditures on sport not specifically related to the active practice of grassroots sport: in fact, 60% of household expenditures on sport⁶ are associated with the purchase of sporting goods, equipment and sportswear (which account for roughly half of consumers' total expenditures on sport), the purchase of tickets to attend high-level and professional games, expenditures on TV sport channels, sport' betting, etc.

The relative contribution of media rights to grassroots sport is also only a fraction of the revenue generated for all sport, given that the bulk of the revenue remains at the top (professional and elite sport) level.

Finally, in many Member States, funding from the state budget primarily focuses on high-level sport and the promotion of the country's image on the international sport scene. This limits the amount of funding available for grassroots in budget constrained environments. In contrast, local governments' funding mainly goes to grassroots sport, either through direct funding of club projects or through the financing of infrastructure and facilities used by the clubs.

⁴ For example, with respect to the breakdown of household expenditures, detailed information was provided for selected EU Member States, allowing extrapolations at the EU level. With respect to the revenue from the compulsory levies on the lotteries, betting and gambling operators, certain countries have regulated allocation keys defining the share that is allocated to grassroots sport, or provide figures on the past allocation of funds. In Finland, for example, in each sport organisation receiving funding from the lotteries, betting and gambling operators must allocate 75% of the revenue to grassroots activities (50 youth+25, adult sport) and 25% to high-level sport. In France, approximately 60% of the revenue distributed by CNDS (the organisation which receives the revenue from the levies on the lottery operations and from the tax on media rights) to sport in 2008 was allocated to the development of sport-for-all, through the support of local associations, employment, training and special publics; 31% was allocated to equipments (grassroots and high-level). In Spain, 1% of the total revenue from sport betting goes to the High Sport Council which earmarks the revenue for non-professional soccer.

⁵ Excluding the monetized contribution of voluntary work.

⁶ As defined based on national accounts' data.

The typical funding models

Different types of “funding models” were defined, based on the relative importance of four revenue sources:

- The level of sport participation (measured by the membership rate);
- The average level of public funding per capita;
- The relative importance of the direct contributions by households;
- The contribution of voluntary work.

Each model reflects different historical, institutional and cultural factors, as well as different levels of economic development and regulatory frameworks across Member States.

Four funding models emerge, plus two special cases.

Group 1, referred to as **the northern and western European model**, includes countries where a high level of demand reflects social provision. Countries in this group have high participation rates (around 20% of the population) and comparatively high levels of both private and public funding. The group includes Austria, Belgium, Denmark, Finland, Germany, Ireland, Luxembourg, the Netherlands and Sweden. Although Cyprus is positioned at a slightly lower social demand level, it was considered to belong to this group in view of the relative contribution of public and private funding sources which is very similar to that of the other countries in this group. In this group, the average level of household expenditure is low thanks to the high level of public support, to important contributions of revenue from other sources and to the high GDP per capita level. The contribution of voluntary work also lowers the cost of providing a high level of services. The key issues for countries in this group are the future trends in public resources for grassroots sports, especially in view of the impact of ageing on public finances; the future of voluntary work, which is an important resources for the grassroots clubs; and, the maintenance (or enhancement) of incentives to the funding of sport by private companies, through sponsorships, donations or other.

Group 2, referred to as the **Mediterranean model**, includes countries with a low(er) level of public subsidy. Private demand receives limited public support, which suggests that less importance is given to positive externalities than in the Group 1 countries. Individuals are nevertheless willing to pay for the service, so that the level of household spending per member is high compared with the public funding. This group includes Greece, Italy, Malta and Spain. In this group, the contribution from households is higher than amongst the Group 1 countries⁷. The public sector spends approximately half the amount spent per capita by households. The contribution of voluntary work is lower than in the former group, and membership rates range between 5%-10%. The key issues for countries in Group 2 are:

- The reinforcement of solidarity mechanisms within the sport sector in order to increase the amount of funding that filters down to grassroots sport;

⁷ The “effort rate” is measured as the ratio of (all) household expenditures on sport in these countries, divided by the number of members in sport clubs and as a ration of GDP per capita. This overestimates the actual effort rate, since non-members also spend part of their revenue on sport goods and services. In Group 1 countries, the “effort rate” measured in this way is 5% or less. In Group 2 it is between 8% and 12%.

- To enhance the sport culture, notably by providing public information on the benefits of sport, so as to increase willingness to pay by all stakeholders (including local authorities);
- The creation of a volunteer work culture in sport;
- The development of public-private partnerships or other collaborative mechanisms to increase the private sector's involvement in the development of the sport offer.

Group 3, referred to as the **rainbow model**, includes several countries where the (sometimes already limited) sport infrastructure collapsed after 1990. In these mainly central European countries, there is limited demand for leisure sports given low average incomes. In addition, public policies do not (at the present time) give priority to raising the level of social demand for sport, in the face of competing calls on their limited resources. This group includes Estonia, Hungary, Latvia, Lithuania, Portugal, Romania, Slovakia and Slovenia. In this group, the level of effort for households is relatively low, as is the contribution from voluntary work. The share of the public sector is also comparatively low, as it accounts for one third of the sport sector's total resources. Membership rates are between 5-12%. The key issues for countries in Group 3 are to:

- Balance the sources of funding, increasing the contribution by households and the private sector;
- Enhance the sport culture, notably by public information on the benefits of sport;
- Develop new types of partnerships to broaden the grassroots clubs' offer;
- Create incentives for increased participation by volunteers.

Group 4 – referred to as **the BCP model**, as a reference to the initials of the countries in this group (Bulgaria, Czech Republic, Poland) - includes countries similar to Group 3 in terms of social demand level, but with lower levels of household and public expenditure per capita. A distinct feature of this model is the comparatively high share of total revenue coming from levies on state lotteries and on betting and gambling services. The Czech Republic stands out because of the high contribution of voluntary work to the sport system, which compensates for lower monetary revenue flows. In this group, the low level of household spending is compensated either by a high (relatively speaking) contribution from public funding, or from other sources: in Poland and Bulgaria, for example, the contribution of public authorities to the funding of the sport system largely exceeds the average amount of revenue coming from households. The key issues for countries in Group 4 are to:

- Enhance the sport culture, notably by public information on the benefits of sport in order to increase willingness to pay;
- Secure the revenue presently coming from the compulsory levies on lotteries, betting and gambling services, which constitutes a main funding source for grassroots sport, and/or reinforce the mechanisms that channel these to grassroots sport;
- Diversify the sources of funding, for example through initiatives aimed at raising the contributions of sponsors and donors, or developing partnerships between firms and the sport clubs in order to reduce the system's heavy reliance on public funding;
- Develop the clubs and adapt/diversify the offer in order to generate new revenue sources.

In addition to these four groups, two special cases stand out:

In **France**, the level of social demand and the total cost per capita are similar to those observed for the other Group 1 countries. The membership rate is also similar. But the public sector

contributes a much higher relative share of the cost than in Group 1 countries, whereas households contribute less. This indicates a comparatively high level of publicly funded supply, and a lower willingness to pay by individuals. For every euro spent by a member of a sport club in France, public authorities at national and/or local level put in another 80 cents (compared with 30-50 cents in Group 1 countries). The key issues for France are to:

- Raise individuals' willingness to pay;
- Balance the various funding sources to have less dependence on one stream of funding: adapt the offer to the needs of households to increase membership and participation rates, and increase funding from other (private) stakeholders;
- Secure the revenue from lotteries, betting and gambling and reinforce solidarity mechanisms which channel revenue from the high-level to the grassroots level, including through solidarity within the sport movement: although there are regulated mechanisms channelling the revenue from lotteries, betting and gambling and media rights to sport, these revenues represents less than 1% of the total budget of the sport system.

In the **UK**, there is limited state support and a lower level of supply than elsewhere. Households pay a comparatively high share of the total cost, indicating a high willingness to pay and a high level of individual awareness of the benefits of sport practice. But the comparatively low level of public support leads to lower participation rates than in Group 1 countries. In the UK, key issues are:

- Broadening the sport offer;
- Fostering higher participation rates;
- Ensuring that the clubs' can resist downturns in the business cycle (given their high reliance on private funding sources);
- Consolidating and reinforcing solidarity mechanisms in order to increase funding from lotteries and other private contributors (commercial companies);
- Internalize the positive externalities of sport in public policies.

Given these different funding models across the EU, five questions arise: (1) are there regulatory barriers to the funding of grassroots sport, and if so which are they; (2) do differences in the regulatory frameworks explain differences in funding schemes; (3) how sustainable are the different revenue streams; (4) do the different funding schemes explain the differences in sport participation rates and trends across countries and disciplines, and the differences in the structure of the offer and in the nature of practitioners; (5) how effective are the different models in achieving the societal objectives of increased membership rates at low costs to members, and a diversified offer.

The regulatory framework

The review of the regulatory frameworks across the EU does not provide evidence of a clear causal relationship between the regulatory frameworks and the different funding schemes.

Different types of regulations and laws impacting on the financing of grassroots sport were identified. The first category is the fiscal framework applying to *grassroots sport organisations*. The second applies to *individuals*, whether to promote direct funding by individuals (donations), to promote voluntary work, or to create incentives to sport participation. The third type of regulation applies to *companies*. As is the case for individuals, some legal provisions can encourage donations and sponsorship by companies, whereas others may limit the revenue flows through specific regulations applying to certain products or

activities (alcohol advertising for example). The fourth type of regulation is the regime for *state lotteries, betting and gambling services operators*. The fifth category applies to *media rights* and to solidarity mechanisms. The sixth applies to *solidarity mechanisms within the sport movement*, and the last category applies to *local authorities*.

In the analysis, **no significant regulatory “barriers” to the funding of grassroots sport were identified**, whether at Member State or at EU level. A few restrictions were identified, applying to sponsorship and advertising on certain media, to the sale of alcoholic beverages on club premises, and to the EU Directive on tobacco advertising. The social benefits of the last two measures, however, largely outweigh their possibly negative impact on the flow of funds for the supply of sport services. Furthermore, the amounts involved are small: spending by households on alcoholic beverages at sport clubs make up only a marginal part of the 56% revenue share of grassroots clubs’ budget funded by households. The bulk of households’ expenditures consist of membership fees, sport lessons, expenditures on sporting goods and equipment, gate revenue, etc.

One measure possibly viewed as a “barrier” by sport organisations is the need for sport clubs, the vast majority of which are not-for-profit associations, to be recognized (or registered) as **“public utility” associations** (in Portugal, there is even a “sport public utility” status) in order to benefit from the more favourable tax regimes. Yet, even if the registration process entails a cost, the not-for-profit, public utility, status brings in benefits – in the form of tax exemptions and others – that far exceed the administrative burden of the registration procedure. So, this obligation does not appear to be a significant barrier to the funding of grassroots sport.

The review of the regulatory framework, however, also highlighted many differences in the types of benefits that clubs can benefit from, and characterized these benefits across countries. For example, in some countries (Germany, Hungary, Luxembourg, Ireland, for example) the fiscal framework entails lower taxes on income generated by the clubs (or lower taxes on some categories of income), reductions in property tax, in capital transaction tax, in payroll taxes and/or in local taxes; reduced social security contributions, etc. In other countries (for example Finland and Portugal), only a few of these exemptions apply, or they only apply to certain sources of revenue, such as services rendered to members, or the rental of facilities.

With respect to **VAT**, Article 132 of the VAT Directive⁸ states that activities in the “public interest”, such as the supply of services closely linked to sport or physical education, can be exempt from VAT. Although most Member States apply the principle of VAT reductions and exemptions in this area, the concrete application varies across countries:

- In many countries (for example Denmark, Cyprus or Germany), there are revenue thresholds above which the exemption no longer applies; yet, these thresholds vary widely across countries. Furthermore, the existence of these thresholds implies a “disincentive” for clubs to grow, due to the extra costs and work burden for volunteers that could result from exceeding the threshold;
- In other countries, as in Estonia and Lithuania, certain conditions apply which limit the VAT exemption to certain activities;

⁸ Directive 2006/112/EC of 28 November 2006 on the common system of value added tax

- In still other countries, such as Portugal and the Czech Republic, there is no VAT exemption.

These differences in schemes may be perceived as barriers in those countries where no exemption applies, or where the exemption is less comprehensive than in neighbouring Member States.

There are also specific regulations – often fiscal incentives – applying to donations (by individuals and companies), sponsorships or advertising expenditures. Tax exemptions on donations for example were identified in Denmark, Estonia, France, Germany, Hungary, Ireland, Latvia, Luxembourg, the Netherlands, Portugal, Slovakia, Slovenia, Spain and the UK. In some cases there are limits on the amount or share of the donation which can be tax exempt, or on the type of recipient that enables the donor to benefit from the exemption.

Other types of incentives include, for example, the special tax provision applying to individuals who work in the sport sector as a secondary activity, or the fact that in Finland employers can subsidise their employee's membership fee and get a tax refund: this reduces the cost for members and potentially increases sport participation.

With respect to the revenue from **lotteries, betting and gambling services**, differences in regulatory schemes across countries account for part of the differences between Member States in the contribution of this activity to the funding of sport. Typically, operators pay levies, taxes, fees to the state budget to contribute to the funding of general interest activities. The state decides how this revenue is spent, sometimes with explicit allocation keys targeting part of it specifically to sport (mostly to the sport federations/associations). The budget allocation keys can go as far as specifying which share of the revenue channelled to sport is to be spent on infrastructure development, high-level sport or other. But most often, it is the sport federations/associations which decide, according to their internal rules, the amounts allocated to the different sport disciplines, and which part is allocated to grassroots sport as opposed to high-level sport. Therefore, the amount of revenue from lotteries, betting and gambling services allocated to grassroots sport in each country depends on four families of factors:

- The total revenue generated by betting and gambling operators in each country (which depends on the propensity to engage in games of chance in each country, on the average level of income per capita in the country and on the available offer of services in each country – which partly depends on the degree of openness of the market);
- The tax rates, levies and other fees applied to the lotteries, betting and gambling services operators, and the tax base on which these rates apply;
- The share of the revenue from these which is effectively allocated to sport, as opposed to other good causes;
- Within this, the share that is allocated to grassroots as opposed to other types of expenditures, such as the construction and maintenance of facilities, the funding of high-level sport, etc. Often, this last allocation is done by the sport federations/associations based on the sport movement's own priorities.

The review of the regulatory environments per country details the different schemes that exist across the EU, and the way the revenue from the compulsory levies or charges are channelled both across countries, and within a given country (for example based on the nature of the operator: a state lottery or a commercial gambling operator?). Although these differences do

not create barriers per se to the funding of sport, they influence the overall amount of revenue that is eventually channelled to sport in general, and to grassroots sport in particular.

In the study, the high contribution of state lotteries and betting and gambling to the public sector budgets in the Scandinavian countries and in certain eastern European economies provides an indication of the potential resources that could be generated from this activity in other Member States. Yet, the high level of the revenue allocated to sport from this source in Scandinavia is not only explained by the regulatory framework for gambling services operators, as this does not differ significantly from that in other countries. Other factors play a role, such as the (higher than average) level of personal incomes in the countries⁹.

With respect to **media rights**, no regulatory barrier to the funding of grassroots clubs from this source was identified. As with revenue from levies on state lotteries and betting and gambling services, the share of media rights revenue channelled to grassroots sport depends on allocation mechanisms in place within the sport movement.

In these two areas, the need for effective solidarity mechanisms between top-level sports and the grassroots level appears to be relevant.

Good practices and incentives

Although no significant barriers to the funding of grassroots sport were identified, a number of regulatory and fiscal incentives were identified whose aim is either to increase the level of revenue available for the sport sector (sometimes specifically for grassroots sport), or to increase participation rates. Again, the mechanisms vary across countries. They can entail tax reductions on sponsorship and donations, tax exemptions and tax credits for households practicing sport or contributing to clubs as volunteers, and tax reductions for companies contributing to their employees' membership fee to sport clubs. Some of these incentives, such as the tax incentive to companies which subsidise their employees' membership fees (in Finland), or the provision of family allowances (in Latvia) and income tax rebates to households where at least one person is member of a sport club (in Malta), constitute examples of "good practices" that could be adopted elsewhere in order to raise the level of funding available for grassroots sport or to diversify funding sources.

In addition to these regulated mechanisms, other (non-regulated) "good practices" were identified that help to raise the resources flows for grassroots sport. These are not linked to particular aspects of the regulatory environments, but show what can be done to support the funding of grassroots sport:

- Preferential premiums for health insurance based on the membership or regular practice of a sport activity (as in Germany and Belgium);
- Creation of a "label" for companies which participate in partnerships with, or co-fund, projects undertaken by grassroots clubs (as in France). The "image" enhancement that this creates at local or higher levels can be a stimulus for companies to increase their

⁹ The amount of revenue per capita generated by the compulsory levies on the state lotteries, betting and gambling operators and identified as being channelled to (all-) sport ranges between less than € 1 per annum in countries like Greece, Slovakia or even Belgium, and more than €18 per annum in Denmark and Finland. The share of revenue from this source in the total budget for sport is less than 0.5% in Greece, Belgium, Romania and Luxembourg, when it is 6.5% in Portugal, 7.1% in Denmark, and 23% in Poland. The high figure in Poland is explained by the low contribution to the funding of sport of revenue from other sources. The average contribution for the EU as a whole is 1.5% of the total budget for sport (high-level and grassroots combined).

funding of the sport sector, at a time when increased attention is given to Corporate Social Responsibility (CSR).

Future sustainability of revenue streams

It is important to identify funding models that appear to be efficient on present criteria, but that are also sustainable. The following factors impacting future revenue streams were identified:

- The business cycle will be the main driver of change on household expenditures, but also on the level of revenue coming from companies (sponsorship, donations) and from the public sector (due to the need to rebalance the public sector accounts);
- Demographic factors will impact demand both quantitatively and qualitatively;
- Technological change and the diffusion of the new technologies carry the potential to reduce future revenue to sport from media rights and gambling services. The impact on certain high-level disciplines could limit the resources available to grassroots sport through the internal solidarity mechanisms. In the extreme, it could lead to a reversal of the direction of flows. This would be the case if the national federations had to use the revenue generated at the grassroots level to fund the training of high-level athletes or their participation in high-level events, as is the case for example of a discipline like gymnastics;
- In a resource constrained environment, there is a real risk that the diffusion of on-line betting will further increase market audiences for certain disciplines/competitions, at the expense of others for which sport bets are less easy to organise. This could slow the revenue growth of those disciplines that attract small(er) audiences. This poses the question of solidarity mechanisms across disciplines;
- There is also a risk of seeing certain **countries** receive less money for sports funding, either because they are smaller countries (with smaller audiences), and/or because they attract less public and media attention than the large countries' clubs and sport events (for example, a Grand Chelem tennis tournament is bound to attract more revenue from media rights and sport' betting than a tennis tournament in a small EU Member State such as Estonia or Latvia, hence more potential revenue for the grassroots tennis clubs of the major countries - including revenue generated from on-line sport bets placed by Latvian and Estonian residents who, by betting on the major events, are funding grassroots sport in the larger country. In other words, the popular sport events – typically from larger EU Member States – will be funded by residents from smaller and often poorer countries if solidarity is limited to top-down within a country). This could be particularly harmful to the level of sport participation throughout the EU, since the levels of funding are already linked to the general wealth level of the countries.

The consequences of the above trends for grassroots clubs are:

- Potentially scarcer public subsidies, and/or changes in budget priorities unfavourable to sport;
- Increased competition for public funding;
- Risk of focus by budget-constrained local authorities on certain (more popular) disciplines;

- Possible increases in the price to be paid for the use of public sport equipment, facilities and infrastructures by the grassroots clubs and their members;
- Cyclical expenditures on sport (from both households and from companies, quicker to reduce sponsorship contracts with grassroots clubs than with high-level sport clubs), requiring clubs to be able to adjust to or shield against temporary revenue shortfalls;
- Increased competition for members, including from other practice modes, and an increased demand for disciplines accessible to senior citizens;
- A need to keep costs and membership fees low, or to increase willingness to pay, for example through new service offerings;
- Changing sponsorship patterns: new priorities emerge with greater emphasis on corporate social responsibility, environmental aspects and social projects. There are also changes in the nature of sponsors, with the growing interest in the EU market from companies in emerging economies, and more restraint from the banking sector;
- Potentially slower revenue streams from media rights to professional and high-level sports, limiting the amounts reaching grassroots sport through solidarity mechanisms;
- Risks of large disparities in revenue flows from this source, both across countries and across disciplines;

Trends in participation rates and membership by category of practitioners

Having identified the key funding models and the possible future trends in revenue streams, the study focused on selected countries and disciplines in order to gain a better insight into the revenue streams going specifically to grassroots sport – as opposed to sport in general.

Eight Member States were selected to cover a variety of funding models: the Czech Republic, Denmark, France, Germany, Lithuania, the Netherlands, Spain and the United Kingdom.

The sport disciplines were chosen on the basis of (i) the level of participation of individuals in each discipline and each Member State; and (ii) characteristics aimed at ensuring a large diversity of situations: individual and team sports; cost of practice; requiring or not individual equipment; requiring or not dedicated sport facilities; accessible to diverse categories of population – including the disabled. In each country, five disciplines were surveyed. Four were covered in all countries: football, basketball, gymnastics and tennis. A fifth discipline was selected in each country: track & field for the Czech Republic, Denmark, Lithuania and the United Kingdom. Swimming was chosen for France, Germany, the Netherlands and Spain. The aim was to make it possible to compare the financing structures of sport clubs across countries, whilst also taking into account national characteristics in the practice of sport.

The analysis per discipline was based on a large survey of grassroots sport clubs carried out between May and September 2010. In the eight countries surveyed, grassroots clubs were invited by their national federation to respond to the questionnaire put on-line by the study team. Close to 2,000 clubs responded to the survey.

The results were grouped according to the diagnosis of the present situation on the one side, and likely future trends on the other.

The majority of clubs which responded to the survey report an increase, in the past six years, in the practice of sport by those aged 18 or below. In contrast, the membership rate of those aged 60 and above tends to decrease as this age group increasingly practices a physical activity outside the club structure. According to the clubs, concern over personal health and well-being is the main reason for the observed rise in membership. But the growing interest in sport is causing a shortage of trainers and coaches, which constitutes a barrier to the growth in the number of members. The growth in membership is also viewed by many clubs to be hampered by staff shortages, and by lack of time for members, which causes them to choose between disciplines instead of practicing several disciplines within the club. This underlines with force the relevance of the recently launched EU2011 -Year of Volunteering Programme.

In terms of membership trends across disciplines, the data from grassroots clubs confirms the continued high popularity of football, which attracts ever growing numbers of members as it is primarily practiced within organised sport structures. In contrast, tennis and swimming, two disciplines which are increasingly practiced outside the formal club structure, are reporting slower growth in membership.

The survey also confirms the prime importance of local authorities in the funding of sport clubs' activities. Across the survey sample, 17% of clubs own the facilities that they use, 19% rent these at market prices, 59% use facilities made available free-of-charge or at a low cost by a local authority, 2% use facilities made available free of charge or at a low cost by a private owner. The remaining 3% report "other" situations.

Sport facilities are expensive to maintain, as confirmed by the difference between the cost structure of clubs in the Czech Republic, for example, where a high proportion own their facilities and other Member States where clubs do not pay for the facilities they use. The financing difficulties which local authorities are likely to experience in coming years as a result of the economic and financial crisis may prompt them to raise the price clubs pay for the use of the facility.

In addition the following could be observed:

- No correlation was found between the level of membership fee and the club size, but there is a (negative) correlation between the average **cost** per member and the size of the club. This was true for all disciplines. It implies that economies of scale occur when large clubs organize diversified activities for their members (better use of playing areas, equipment and facilities, for example);
- Clubs with a growth in membership have raised – and not lowered – their average annual fee in the past six years: thus higher fees do not deter new members;
- Clubs with permanent staff are more likely to charge a low membership fee – despite their higher cost structure: these clubs are better able to attract new members and to diversify the sources of revenues than those which solely rely on voluntary work;
- Stable membership numbers over time allow clubs to consolidate their funding model and charge low fees: this reflects the maturity of clubs, and their established place in their local environment;
- If the presence of at least one full-time equivalent salaried staff tends to raise the number of members in the club, the cost of this first resource is significant, and often funded from the public subsidy received;

- The level of support from the public sector is independent of the size of the club – except for tennis. In general, public subsidies exert a strong leverage effect (“money attracts money”): the clubs which attract private funding (beyond members’ contributions) are those which receive public financing;
- Government support typically helps clubs:
 - to keep prices low in rural areas, where new members are more difficult to attract than in densely populated, urban areas;
 - to finance permanent staff;
 - to organise diversified activities.

The analysis therefore shows that other factors than the funding model to which the Member State (or sport discipline) belong explain the relative effectiveness with which grassroots clubs finance their operations and attract new members.

Across disciplines, the following results emerged:

- The cost structures vary across disciplines, but the average cost per member is fairly homogeneous;
- Football is more easily funded from other sources than households and public support than other disciplines. These “complementary” funding sources include sponsors, donors, or other top-down solidarity mechanisms.

Possibly as a result of differences in the relative ability of disciplines to raise revenue from complementary sources, the contribution of public subsidies to club resources varies across disciplines: it is lowest for tennis, highest for track & field.

With respect to the contribution of voluntary work, the survey confirms its importance to the stability and sustainability of the grassroots clubs’ financial situation. Yet, 38% of the grassroots clubs surveyed indicated that the number of volunteers has decreased in the past years. This result may be influenced by the fact that the survey was conducted in the summer of 2010, shortly after the economic and financial crisis. This still leaves 62% of the clubs surveyed reporting either stable or rising volunteer work. For a majority of the clubs, the increase in the number of volunteers took place alongside a rise in the number of hours worked per volunteer.

A final, important, element from the grassroots clubs survey is the breakdown of clubs’ cost structure. Only visible costs were reported¹⁰. This shows that the main cost component is human resource costs (28% of the total), followed by sport facilities (14%), payments to federations (13%), the purchase of sport equipment and balls (11%) and travel expenses (8%). Other miscellaneous expenses make up the difference.

It therefore appears that **payments from the grassroots clubs to their federations (13% of their budget) account for a lot more than the revenue going from the federations to the clubs (which represent 2% of the grassroots clubs’ revenue)**. The difference represents the payment by the clubs of services provided to them by the federations, and in some cases insurance payments for the members: on average, at EU level, the solidarity mechanisms channelling resources from media rights, sport betting and even national governments to the

¹⁰ In other words, the contribution of volunteers and the subsidised prices for facilities are not accounted.

grassroots clubs via the sport federation do not fully fund the services provided by the federations to their member clubs.

The comparison of the composition of grassroots clubs' revenues in the survey with the estimated breakdown resulting from the top-down analysis confirms this. 63% of the revenue of the clubs' surveyed comes from members' contributions (compared with 56.3% in the top-down analysis), and only 18% comes from the public sector (compared to 40% in the top-down analysis). Although the differences may be explained by the incomplete country and discipline coverage in the survey, it also reflects the fact that a significant, albeit not quantified, part of the revenue allocated from public authorities to grassroots sport covers the operating expenses of the federations (which provide services to the clubs) and the maintenance and construction of facilities: this revenue is therefore not reported in the grassroots' clubs budget.

Strengths and weaknesses of the funding models

The second major set of conclusions refers to the relative strengths and weaknesses of the funding models across the EU.

The analysis of the relative effectiveness of each model, and of their strengths and weaknesses, was done on the basis of three criteria:

- The level of sport participation (the number of club members);
- The cost to members/practitioners;
- The trend in participation.

Ranking of the models in terms of participation levels

The level of participation was measured using the membership rates reported in the 2009 Eurobarometer survey.

Conclusions from top-down and bottom-up approaches are that the level of economic development of the country (measured by GDP per capita, adjusted for differences in PPP), is the main explanatory factor for differences in levels of expenditures per member across the EU. The level of GDP impacts on both the participation rates and the ability of clubs to benefit from more diversified and therefore more sustainable funding.

Countries with a high level of economic development can afford to spend more on sport in nominal terms – from both private and public sources – and are thus able to achieve higher participation and membership rates. In spending more, they contribute to the funding of a higher level of service offer. The “effort” required to attain this level is affordable. Indeed, sport club members in wealthier EU countries do not allocate a large share of their disposable income to sport.

Countries with a lower level of GDP per capita have funding models that are similar in structure to those of the northern and core continental countries, but at lower levels of funding – which leads to lower participation rates.

The table below recalls the key features of each funding model and summarises their strengths and weaknesses.

Ranking of the models in terms of membership

Effectiveness in terms of sport membership rates							
Models	Public funding	Household expenditures	Voluntary work contrib.	Share of levy on state lotteries & other betting and gambling	Membership rate	Strengths	Weaknesses
Group 1: the Northern and Western countries' model	+++	+++	+++	+/-	> 15%	Diversified sources of funding / High level of offer	
Group 2: the Mediterranean countries' model	++	++	++	+/-	4-8%	Reasonably diversified sources of funding	Insufficient overall funding leads to high price and squeezed-out demand
Group 3: the Rainbow model	++	+	+	+/-	2-10%	Policy awareness of the positive externalities associated to sport	Low awareness of the benefits of sport by population / high reliance on (constrained) public resources
Group 4: the BCP model	+	+	+++	++	4-8%		Low level of funding by households / high reliance on compulsory levies on gambling services' operators
United Kingdom	++	+++	+++	+	0,09	Solidarity schemes offset comparatively low level of public funding	Low level of offer despite high price paid by practitioners
France	+++	+++	+++	+	18%	Well funded model / high level of offer / low price to member	Low willingness to pay of households => high reliance on public-funded offer

+++ : High
++ : Moderate
+ : Low
+/- : Variable across the group

Ranking of the models in terms of the cost to members

The cost to club members depends largely on the level of national GDP per capita. At a given membership rate, the “effort” per member, as a share of their disposable income devoted to sport on an average annual GDP per capita level¹¹, is more than twice as high in the Mediterranean countries as in northern and western European countries.

The membership fee is comparatively low in countries where local authorities heavily support the clubs, as in the Czech Republic, France or the Netherlands.

The analysis also indicates that low membership fees are generally observed in clubs which have a diversified offer of services (including multi-sport clubs), and which benefit from diversified sources of funding (as opposed to relying essentially on revenue from members and/or local authorities). Low fees and diversified funding sources are associated with increases in the number of members, making it possible for clubs to benefit from economies of scale. A priori, this would point to a higher ranking of the Northern and Western European countries (Group 1) and of the Mediterranean countries (Group 2). Yet, as seen above, the actual “price” also depends on the level of supply, and on households’ willingness to pay for these services. Other factors contributing to low membership fees and not identified in the funding models as defined are the creation of partnerships with other stakeholders to attract new members.

¹¹ An overestimation of the actual figure, given that all household expenditures were attributed to the members of sport clubs, when naturally some non-members also spend on sport.

Ranking of the models in terms membership growth

Membership growth depends on the demographic structure in each country and its future evolution. The results of the survey show that the level of the membership fee does not, per se, impact on the trend in membership. What influences membership growth is whether the club organises diversified activities, and whether it has at least one salaried staff person. Other factors which attract new members are activities for diversified groups, and the development of partnerships with other organisations. The contribution of public funding is also important. The clubs which benefit from public funding are more likely to organise activities for diversified categories of members, and the presence of public subsidies creates a leverage effect on other funding sources.

Given the above, the funding models that are most likely to foster increases in the number of members are those which:

- Generate high levels of revenue, enabling clubs to employ a salaried person;
- Involve public funding;
- Rely on diversified funding sources.

Applying these criteria to the four country groups plus France and the United Kingdom, it appears that, beyond the “wealth” (GDP per capita) effect, the groups most likely to see higher membership rates are the Northern and Western European economies, followed by France, the Mediterranean economies and the Rainbow economies, in that order. In the last group, the (financially constrained) public sector contribution is not sufficient to enable the clubs to diversify their offer or develop new offers.

In the UK, the situation is different as the sport system relies more on private stakeholders, and the leverage effect of public funding is less important. A larger amount of sponsorship and well-structured top-down solidarity between high-level and professional sport and the grassroots level compensate for the potentially negative impact of low public subsidies on membership growth. The combined effect is such that the average “cost” to members of practicing sport is not higher in the UK than in the Group 1 countries.

Implications for policy makers and for the sport organisations

Given the above findings, five key objectives have to be met to ensure the sustainable funding of grassroots sport within the EU:

1. **Secure, increase and diversify the revenue sources allocated to sport in general, and to grassroots sport in particular:** given the upward trend in costs (due to inflation on wages & salaries, equipment and facilities costs), increases in revenue are necessary in order to make it possible for sport clubs to offset these costs without reducing the volume or quality of their service offer. Meeting this objective calls for a need to continue, and preferably reinforce, incentives for private stakeholders to fund grassroots sport. The diversification of revenue sources, especially in countries where the public sector contribution is already high and susceptible to future constraints, is important to ensure the sustainability of funding
2. Further **promote and enhance financial solidarity** between the professional and/or elite (high-level) sport, and the grassroots level, and within the sport movement in general. This solidarity needs to be organised both within and across disciplines. Solidarity may also need to be developed across countries given the potentially highly different trend in revenue from media rights and sport betting channelled to sport in

countries in which certain disciplines attract a lot of (international) media attention, therefore diverting resources away from the same discipline in countries in which the discipline attracts less media attention¹². Mechanisms to ensure that revenue allocated to grassroots sport effectively flow all the way down to the grassroots level also have to be reinforced;

3. **Promote and support voluntary work:** this is an important resource for clubs. Although there does not appear to be a shortage of goodwill nor of volunteers, there is a need in some instances to adapt the skills of volunteers to present (and future) club requirements;
4. **Recognize the public interest of grassroots sport in other policy areas;**
5. **Improve the evidence-base relating to grassroots sport participation and funding:** there appears to be a need to increase the transparency, and to organise the monitoring, of the financial flows associated with grassroots sport. Indeed, in the framework of this study the compilation of accurate data relating to all the funding sources, and the separation of financial flows to sport in general and to grassroots in particular, was very difficult. The funding challenges ahead for many clubs deserve a closer analysis of the links between revenue flows and different factors impacting them.

Below, we detail these objectives.

1. Securing revenue sources allocated to sport

Several types of measures can help secure (and raise) the revenue allocated to sport. Among these are: measures focused on increasing revenue from members; measures aimed at diversifying and improving the quality of the offer; and promoting partnerships with new types of stakeholders.

Increasing the revenue from members

Raising the revenue generated from households to better fund the sport system implies:

- **Increasing the number of people who practice sport within the organised system:** this goal can be achieved through the recruitment of at least one permanent staff by the club, as indicated by the results of the study. This should be a priority funding area for local authorities;
- **Improving the willingness to pay for the services:** this is typically linked to the perceived benefits. Making the benefits of organised sport practice more obvious would raise the willingness to pay of existing and future club members;
- **Increasing the average fee for members:** although individuals already contribute to the bulk of the revenue generated by sport clubs, they still only cover about two thirds of the costs they generate. Differentiated pricing – already applied by many clubs – could be enhanced. Applying differentiated prices and reviewing the conditions under which different fees ought to be applied, could help raise revenue without turning away existing members. The differentiation can be based on household income, on the composition of the household, on the age or on the employment status (student, retired, employed/unemployed), as is already the case in several countries/clubs. It is

¹² In addition to the tennis example provided earlier, one could think of sport betting on football games in Spain or the UK attracting generating media rights revenue from Cyprus, Romania or Bulgaria, implying that the citizens from these countries are effectively funding Spanish and UK football instead of funding football in their own countries.

also possible to devise a fee structure to take into account the level of the member's contribution to the club, whereby voluntary workers would pay a lower fee than members which do not contribute "time" to the club.

Diversify, and improve the quality of, the offer

Linked to the previous point is the need for clubs to adapt their service offer in the face of an increasingly demanding membership base, in terms of practice schedules, individualised offers, etc.

In the survey, a majority of clubs recognized that one way to increase future revenue and membership would be to reach out to different categories of members: for some clubs, women were the primary target. For others, senior citizens or residents of poor areas were to be focused upon. In nearly all cases, children were also a key target. The diversification of members also appears like a good objective given the analysis of the quantitative information on clubs' financial structures, which indicates that the clubs with more diversified members and offering diversified categories of services attract more members and benefit from more stable (i.e. less dependent on the business cycle) resources.

Examples of new types of offers that could be developed include:

- Joint language and sport classes;
- Team competitions between companies;
- Sport & school projects;
- Etc.

Promote partnerships with new families of stakeholders

If the benefits of a regular practice of sport were better recognised, it might also be easier for clubs to develop partnerships with different types of stakeholders.

In the survey, many clubs said the development of partnerships with the educational system or with companies could help them raise their membership and generate more revenue. Yet, they typically considered this "difficult to do".

Promoting and facilitating such partnerships would make it possible to share costs and generate economies of scale. Such partnerships have already been established by several municipalities across the EU, with the aim of facilitating the organisation of sport events or attracting sponsors.

Along the same lines, partnerships with social and health insurance organisations could be supported / fostered.

2. Reinforcing and extending solidarity mechanisms

Another objective of stakeholders in this sector ought to be the promotion and reinforcement of solidarity mechanisms.

These have to be reinforced, and in some cases created:

- **From the high level to the grassroots level**, for example by making sure that a certain share of the revenue from sponsorship contracts, media rights' payments or sport betting revenue generated at the top level are passed down, to the grassroots level ;

- **Across disciplines:** the revenues from media rights¹³ primarily benefit football, basketball and tennis. The IOC also channels part of its revenues to grassroots disciplines. Yet, the study shows that the amounts involved are small. Revenues from sponsors also primarily go to certain disciplines. Given the different abilities of individual disciplines to generate these kinds of revenues, it appears necessary to reinforce solidarity across disciplines to ensure that those disciplines that receive less media attention, or that do not attract many sponsors, can still receive adequate funding. It is in the consumers' interest – and in the interest of society - to make it possible for consumers to choose across a wide range of disciplines. This entails a responsibility for policy makers to ensure that there is a diversified offer at competitive prices.
- **Across Member States:** the objective of solidarity mechanisms organised on a trans-national basis would be to compensate the distortions which arise from the fact that highly popular disciplines and/or professional (or elite) sports in certain countries can generate more revenue from top-down solidarity mechanisms than in countries where sport is less (internationally) popular. Reinforced trans-national solidarity would lower the barrier to sport funding created by differences in levels of economic development across the EU.

Also, not all countries provide precise guidelines on the allocation of public financial support to grassroots sport, and not all countries have clear mechanisms defining how the subventions received are to be allocated at the grassroots level. A debate on those issues, and on ways to ensure that the revenue flows to those areas of grassroots sport which most need it, needs to take place amongst all the stakeholders involved, in order to identify appropriate mechanisms. The answers may depend on the institutional organisation of the different countries.

Once solidarity mechanisms are reinforced, another objective to ensure the sustainable future funding of grassroots sport is to secure the revenues generated from high-level and professional sport events. Indeed, as seen earlier, significant changes to these may arise in areas such as media rights and betting.

Among other, there is also a need to ensure that the revenue flows to high-level and professional sport will not be negatively impacted by future changes in technologies or in the regulatory framework. Some of these funds are currently channelled to grassroots sport through solidarity mechanisms. Less funding to high-level activities would mean less money filtering down to grassroots.

As this study indicates, there are risks to media rights revenues from piracy, illegal webstreaming and the territoriality of media rights. These could slow revenue flows partly destined for grassroots. Similarly, future trends in revenue from betting and gambling, and in particular sport betting, may impact on the revenue channelled to grassroots sport from this source. Ex-ante analyses of the effects of envisaged regulatory changes on grassroots sport funding will be important to assess the potential consequences on the sector.

3. Promote volunteer work & offer training

Volunteer work is an important resource for grassroots clubs. Although volunteering per se is not threatened, there is some concern about the availability of volunteers in managerial

¹³ And, in the future, possibly also from sport bets, if other Member States follow the example of France.

positions, and in functions which require specific qualifications such as accounting. The shortage of volunteers in these areas may explain the relatively high percentage of clubs who still claim to have difficulties in attracting or retaining enough volunteers.

In the context of the EU's new competence in the field of sport, in which voluntary activity is a recognised component, the promotion and support of volunteering in Europe is an important pillar of EU action in the sport sector.

4. Recognize the interest of grassroots sport in all public policy areas

At present, public money allocated to sport comes from national sport ministries or from the budget for sport and culture of local authorities. Recognising sport as a service to society would justify funding sport from other budgets, such as education, health or even small and medium sized enterprises. Contributions to sport funding from other budget lines could help clubs to diversify their offer and reach out to new categories of members, to the benefit of all, and would contribute to creating new types of partnerships as previously mentioned.

The integration of grassroots sport into other policy areas, recognising sport as being of "public interest", and undertaking systematic ex-ante analyses prior to implementing fiscal or other regulatory policy changes, would also help ensure the future sustainability and growth of this sector.

The recognition of the general public interest of grassroots sport, for example by educating youth through sport, would create incentives for public authorities at **every** level (Member States, local authorities and EU) to take the social benefits into account to further develop incentives for sport (e.g. tax benefits). Such recognition is particularly important in the present context of tight budget constraints and austerity programmes aimed at reducing public sector debt across the EU.

5. Improve the evidence-base relating to grassroots sport participation and funding

More concrete measurements of the benefits and savings for society as a whole from higher participation rates in sport activities are needed. The literature on the potential (quantitative) reductions in health expenditures linked to the regular practice of sport remains patchy, as is the literature on the (monetary) benefits companies can expect from encouraging the practice of sport by their employees¹⁴. It also makes it difficult for public stakeholders to measure the savings that can be generated from an allocation of tax money to support of the sport system, as opposed to financing social insurance.

Across the EU, there are examples of actions being taken in this area. One is the reduction in health insurance premiums in Germany, conditional on proof of regular practice of a sport. If the benefits to individuals and to society were better measured, it would be possible to introduce such schemes elsewhere, with a net benefit for all.

In areas such as education and social inclusion, the quantification of benefits is more difficult. But a collection of examples of good practices could contribute to raising the awareness of these benefits, and incite a wide range of stakeholders, including firms seeking to enhance their corporate social responsibility image, to support the sector.

¹⁴ These benefits translate into increased productivity, reduced absenteeism, more effective team working and increased employability, which is also a benefit to society as a whole.

The sport movement has a major role to play here, alongside the other stakeholders. One can reasonably assume – and the responses to the e-survey confirm this – that the sport movement is best positioned to measure and publicise the benefits of its activities to society. The European Union also has a role to play, particularly given its new competence in the field of sport. The EU can promote the societal function of sport in Europe by making this a cornerstone of the future EU funding programme for sport. The EU should also mainstream sport initiatives within the whole range of its funding programmes (Structural funds, Progress, Lifelong Learning, Youth, Europe for Citizens, Health, etc.).

Measuring the benefits of sport and the positive externalities it can generate is a task for Member States' statistical offices and Eurostat. They should collect more consistent and internationally comparable information to make such measurements possible. The EU Expert Group on sport statistics is one step in the right direction. Synergies could be sought with international bodies like the World Health Organisation or UNESCO to set up internationally comparable information bases.