



Preview

THE SPORTS ECOSYSTEM IN AFRICA : FROM DEVELOPMENT POTENTIAL TO A DEVELOPMENT DRIVER

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Foreword

The impact of the sports economy on growth in Africa

Estimated at around 2% of the world's GDP (i.e. between 1000 and 1200 billion euros), the sports economy is growing faster than the world economy as a whole.

When zooming in on the African continent, the few statistics indicate that the sports economy measures at only 0.5% of Africa's total GDP. Yet, in light of the continent's strong growth rates over the past decade, the young age of its population (median age at 19) and its phenomenal athletic talent base - visible in major championships across the globe, Africa has undeniable assets it can use to leverage this windfall.

How can this massive potential transition into an economic reality?

What are the obstacles to the development of the sports economy in Africa?

What drivers can be catalysed to make the sports economy a real economic engine for the continent?

To provide answers to these questions, The African Sports and Creative Institute (ASCI) and Mazars launched a groundbreaking study on the economy of the sports industry in Africa. This survey has taken the pulse of the sports economy in Africa by directly asking professionals on the ground to describe the major challenges they are facing as well as the opportunities for growth they observe.

The study, which collected feedback from individuals in 47 countries (out of 54) on the continent, presenting a diverse range of market intelligence in terms of culture, economic systems and resources, revealed six themes that African stakeholders consider relevant to an analysis of the continental sports ecosystem:

- **Availability and analysis of data and information about the market, its players, and their performances**
- **Training and education in sports management**
- **The quality and tone of leadership in public authorities and institutions**
- **Whether environments are conducive (or not) to business and commerce**
- **Attitude towards sports as a commercial product created to satisfy the fans**
- **Ability to adapt and innovate as the industry and times change**

Our analysis focused on these six themes and led to 16 concrete recommendations with the ambition to transform the continent's enormous potential of harnessing a sports economy that will majorly contribute to Africa's development.

The enthusiasm with which the participants in this survey responded to our requests, and the creativity of their ideas demonstrate that the thought leaders in the African sports ecosystem are very aware of the untapped potential. More importantly, they are ready to commit to a new model of development.

“Africans cannot afford anymore to copy-paste Western models – we need to create and test new solutions,,



Robins TCHALE WATCHOU
Cameroon

CEO de Vivendi Sports

*Business France Report - February 2020

Executive summary

The sports economy is estimated at around 2% of the world's GDP (about 1,500 billion euros), which only represents 0.5% of Africa's GDP. While the continent has enjoyed strong growth over the past twenty years and benefits from a young and athletically gifted population, these advantages have not yet made sports a major economic driver like in the rest of the world. How should these relatively new activities be structured and strengthened? And how can the sports industry be a driver for Africa's development?

To this end, the African Sports and Creative Institute (ASCI) and Mazars conducted a qualitative and quantitative survey of 500 professionals representing the entirety of the value chain of the sports industry in Africa to establish a framework, and define the major challenges and opportunities in this industry sector. These exchanges have laid the foundation for a rich and ongoing dialogue, with the ambition to inspire value-creating solutions.

Taking into account the cultural, political and economic diversity of the continent, six common trends clearly emerge:

- **Information** : to create visibility by investing in the collection and analysis of data on consumers, practitioners and fans, as well as the organizations that serve them
- **Education** : to create, harmonize, and regulate sports management training solutions
- **Governance** : to reform the governance of certain public authorities and sports institutions to cultivate more transparent and representational environments
- **Business environment**: to create legal, fiscal and economic frameworks that are more conducive to business and commerce
- **Consumer valuation** : to place the player and the fan at the heart of public and corporate strategies
- **Innovation** : to respond to new trends in the practice and consumption of sports with an innovative offer that enhances African technologies and heritage

The African Sports & Creative Institute (ASCI) and Mazars ended the study by offering sixteen tangible recommendations to African leaders in order to build a strong and attractive ecosystem.



16 recommendations for the African sports ecosystem

A- Data and education: start with human capital

1 - Produce regular and reliable information and analysis, then create the African Sports Observatory

In the context of an informal economy, the lack of reliable data on the sports sector is a major obstacle to its growth. Without reliable information, stakeholders can neither assess market opportunities – or challenges - nor detect potential partners.

The creation of a sports observatory led by member organisations representing the diversity of the African sports ecosystem would therefore be of immense value.

Its main objectives would be to:

- o Map out the ecosystem: stakeholders, consumers, fans...
- o Use existing members' data in order to produce indicators, for example on the practice of sports, sporting events, infrastructure, public expenditure and the financial health of the players...
- o Conduct studies that guide public policy and analyze the economic and social impact of initiatives
- o Highlight best practices

2 - Invest in economic and social research

Economic and social research provides elements of answers to global problems. In addition to the data production by the Sport Observatory, policy makers also require quantitative and qualitative analyses carried out by university researchers and private institutes.

Respondents to our study rated research institutes among the three weakest players in the ecosystem (80% believe they are little established or non-existent).

It is necessary to invest in them in order to:

- o Provide forward-looking research on future trends in the global sports economy
- o Produce analyses to support public strategies, a priority for 59% of respondents
- o Analyse data produced by the Observatory, international financial institutions as well as data measurement and analysis companies
- o Write case studies to learn from existing innovations and best practices in the sector
- o Promote the world's best practices to African stakeholders
- o Measure the impact of public and private initiatives

3 - Create, harmonize and regulate sports management training

Education is a real strategic driver in the development of the sports industry in Africa. This was confirmed by 56% of survey respondents who consider training, particularly in sports management, to be the third priority for the development of the sports ecosystem. It would help industry players to better understand its issues as well as the constraints and objectives of external partners (sponsors, investors, etc.).

For example, our respondents see the lack of training as the primary barrier to creating a coherent public policy, recruiting and retaining qualified staff, and marketing products and services that meet the consumer's need.

It is therefore necessary for African institutions to:

- o Accelerate the creation of training programmes combining theory and practice, preparing students but also professionals for careers in sports management
- o Co-create educational programmes with companies in order to fit the needs of an ever-changing market

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- o Harmonize curricula, content, and exams to facilitate hiring by recruiters across the continent

- o Accredit and regulate educational institutions issuing diplomas in order to make them credible, ensure their competitiveness in the international market, and of course protect the rights of students

4 - Improve the work ethic of sports professionals through the introduction of a code of ethics and a dedicated training policy

In Africa, sports have often been the subject of ethical criticism. The individual interviews conducted in the context of this study revealed almost unanimously the negative consequences of the ethical failures of the actors in the sector. The recent scandals of the Confederation of African Football illustrate the fact that the political, economic and legal ramifications of this phenomenon require a holistic strategy. It would be appropriate, as part of the training, to:

- o Create a code of ethics for sports professionals
- o Train and certify all sports professionals
- o Sanction breaches of the code of ethics
- o Strengthen governance and the legislative framework to deter illegal practices, including corruption

5 - Invest in grassroots sports to improve the performance of elite sports

Promotion of the practice of sports in a leisure setting, and then within a sports association is vital for the success of professional sports. Thus 32% of respondents describe the participation and structuring of grassroots sports as a priority for strengthening the African ecosystem. Indeed, training centres and clubs play a prominent role not only in the training of talent, but also in their personal and career development. Respondents therefore call for the strengthening of these structures so that they are able to effectively prepare professional and citizen athletes.

To answer this question, it is necessary to:

- o Launch campaigns promoting the positive impact of sports on the health of the population, regardless of gender and age

- o Promote sports in schools and promote the detection of talent by clubs

- o Encourage private investment in local clubs and infrastructure by integrating criteria for access to the most disadvantaged communities

- o Structure grassroots sports and develop its commercial offering

- o Strengthening media coverage of local club news by African media: the lack of coverage was defined by those we interviewed as the first barrier to marketing

- o Align professional clubs with the promotion of grassroots, or amateur sports groups

- o Help professional athletes start a new career in order to capitalize on their experience

B - Sports as a commercial product

6 - Make grassroots sport the engine of the sport economy

The World Health Organization and the United Nations promote regular practice of sports through the Sustainable Development Goals. In addition to its impact on health and social cohesion, grassroots sports generate more economic activity than professional sports, which depend only on large loss-making events.

To seize this growth opportunity, many actions are needed:

- o Expand the number of people playing sports with a particular focus on women and the elderly

- o Build local infrastructure accessible to the poorest communities

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- o Promote the practice of sports at school and equip the latter with equipment produced by African manufacturers

- o Create and promote university and amateur championships

- o Develop sports tourism through consumer events

- o Increase local media coverage of African grassroots sports

7 - Create a legal, fiscal, and economic environment conducive to investment in sports.

Like any other sector, sports must provide an attractive environment for investors. However, 41% of survey participants define the weakness of legal, regulatory and fiscal frameworks as the first obstacle to the development of a productive ecosystem. The professionalization and profitability of the sports economy resolutely requires the creation of a secure and stimulating business environment for potential new entrants, such as service providers, sponsors and investors.

In order to create this framework, it would be valuable to:

- o Create legal status for sports players

- o Protect the intellectual property of rights holders

- o Protect investors

- o Introduce tax exemptions that encourage investment and hiring of local employees and subcontractors

- o Promote sports to attract Foreign Direct Investments

- o Harmonise the legal, fiscal, and economic environment of the sub-region

8 - Positioning the fan at the centre of the sports ecosystem

One of the most important paradigm shifts highlighted by this study is the need for all players in the sports value chain to refocus their strategies on the fan, the driving force behind the economy, in order to offer a quality product. Indeed, the interviewees point out that the low knowledge of the profiles and needs of fans, especially by rights holders, results in the inability to monetize this real capital.

In this context, it would be necessary to:

- o Put fan satisfaction at the heart of the creation of the sports offering

- o Take advantage of the rise in digital consumption to study the needs and habits of fans (digitalization is the second most important trend of the future for 36% of respondents)

- o Strengthen the relationship between brands and the fans through a relevant digital marketing strategy: activations, social networks...

- o Increase media coverage of African sports to encourage fans to consume local rather than foreign content (the first barrier to revenue capture according to our respondents)

9 - Innovation in the commercial offer

By refocusing their strategies on the fan experience, sports players will automatically innovate. This is confirmed by 43% of respondents, who indicate that the promotion of new consumption patterns is the main trend for the future of the sector.

Here are some interesting innovations identified during our interviews:

- o Travelling sports lessons to reach the least accessible areas

- o Virtual Coaching

- o Access to players: exclusive access to training and changing rooms, signing sessions...

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- o Influencer program: promotion of the brand or club by non-sporting celebrities

- o Corporate Social Responsibility (CSR): NBA program to combat climate change by planting a tree for every 3-point basket scored

10 - Speed up the digitalization of product offerings

Digitalization provides an opportunity for sports stakeholders to get to know their consumers better through data collection and analysis, to expand their customer base and finally to interact with it before, during, and after events. Understanding the newest trends in fans' consumption and producing rich and engaging online sports content have become necessary skills. eSports is thus seen as a key vehicle for the development of the sports economy in Africa.

In order to take advantage of this opportunity, it would be necessary to:

- o Upgrade technology infrastructure

- o Promote digital technology training courses, especially data science

- o Strengthen the link with fans by creating asynchronous media content, not related to events

- o Make digital platforms attractive and monetize them: social networks, websites, the digital experience of the fan in the stadium.

- o Structure and develop eSports

11 - Make youth entrepreneurship a priority

Africa has the youngest population on the planet. 30% of our respondents argue that Africa needs to focus more on its youth, the proportion of whom is growing every year. They define youth entrepreneurship as a second priority to strengthen the sports ecosystem. It is recommended to value this population segment by:

- o Supporting entrepreneurs during their first years of operation through programmes including technical and financial assistance from governments and companies

- o Encouraging donors to simplify access to financing for start-ups

- o Encouraging corporate social responsibility through partnerships with young entrepreneurs

- o Making it easier for young entrepreneurs to access public procurement opportunities

- o Establishing a legal, fiscal and economic framework for business creation

- o Offer training in sports management to develop entrepreneurial skills

C- Create a holistic business model based on innovation and collaboration between private and public sectors

12 - Reform sports governance

The relative opacity in the management of sports sector organizations hinders its ability to attract investors and sponsors. Defining and implementing a coherent governance system at the African level would allow good practices to be shared and national actions to be coordinated.

Here are some actions that could be taken:

- o Create a pan-African sports governance body, the African Sports Steering Committee, helping African states define and conduct their sports policies

- o Separate the executive and administrative responsibilities of sports institutions

- o Generalize the audit of large organisations

- o Diversify the profiles of the leaders of the major institutions in order to integrate more women, ethnic minorities and civil society

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13 - Increase regional collaboration

The integration of African economies has been a political priority for more than 40 years. This will give birth to 8 Regional Economic Communities under the aegis of the African Union, then the African Economic Community and from 2021 the African Continental Free Trade Area (AfCFTA). Trade integration and regional infrastructure are two key elements that can have a significant impact on the sports economy, in which three-fourths of respondents consider the level of interregional and interregional collaboration low.

It is appropriate to carry out a few initiatives in this direction:

- o **Coordinating the strategies of public authorities and regulators at the sub-region (or ERC) level, as desired by 70% of respondents**
- o **Helping African companies grow by reducing the time it takes for goods to cross borders, continuing to reduce tariffs between countries and implementing exemption agreements**
- o **Harmonizing the legal, fiscal and economic environment of the sub-region**
- o **Optimize the use of existing sports infrastructures and investments in new infrastructure by sharing their capacity among neighbouring countries**
- o **Create training courses based on partnerships between educational institutions in neighbouring countries (exchange programmes, dual degrees, etc.)**

14 - Promote Public Private Partnerships

Public Private Partnerships have demonstrated their many advantages in the infrastructure, telecommunications, and energy sectors. The African sports sector, traditionally subsidised, would benefit greatly from the financial and technical contribution of the private sector. The wide variety of PPPs available offer sports players the opportunity to customize this model to their needs and thus:

- o **The development of incentive regulatory frameworks with partnership models tailored to local projects and contexts**

- o **The establishment of a sports project development bank for potential investors**
- o **Promoting investment opportunities in the sector**
- o **The assistance of local actors in setting up local sports projects**
- o **Exploring innovative new models to ensure the maintenance of sports infrastructure**
- o **Technical assistance and financial support during the start-up phase of young entrepreneurs**
- o **The cross-utilization of sports infrastructure for other events (MICE...)**

15 - Sports as a response to the Sustainable Development Goals (SDGs)

The United Nations has set 17 Sustainable Development Goals to address major global challenges and lay the foundation for an inclusive and prosperous future. In addition to its obvious role in improving health and well-being, sports is already helping African countries move towards the goals of peace, education, women's empowerment, and social inclusion.

Indeed, the unique link that sports create between its players and its spectators makes it a formidable vehicle for awareness. Using sports to raise awareness on major issues such as environmental degradation has the potential to have a profound impact on the population, especially the youngest.

Amongst the 17 SDGs, here are three goals that sports could help achieve:

- o **Goal 3 - Giving all means to live a healthy life and promoting well-being for all, at all ages:** the World Health Organization advocates regular physical activity to prevent physical and mental illnesses, reduce care costs and help increase productivity
- o **Objective 8 - Promoting shared and sustainable economic growth and decent employment for all:** sport is increasingly contributing to the growth of the African economy through jobs created through training, infrastructure building and events. Rwanda has announced that it will create 100,000 jobs in the sports industry by 2030

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o **Objective 13 - Taking urgent action to combat the impacts of climate change:** because of their ability to reach and move all age groups, sports players can raise awareness among fans and businesses to take action for the preservation of the planet. Professional clubs thus incorporate "green" activations during major championships, planting a tree for each goal or basket scored by their teams. In addition to their positive environmental impact, clubs would improve their images as well as those of their sponsors.

16 - Valuing Africa's unique heritage in promoting sport

Africa's cultural and natural heritage fascinates with its richness and is appreciated by music and dance fans around the world. Combining sports with this rich capital is a great opportunity for ecosystem players to offer fans a unique experience. However, collaborating with cultural actors (traditions, language, performing arts) and tourism (festivals or crafts) will require innovation in economic models. We suggest:

o **Highlighting traditional sports:** Senegalese wrestling, Egyptian tahtib...

o **Develop a unique sports tourism offering:** surfing in Cape Verde, golf in Morocco...

o **Create media content for regions that host sporting events:** Tour of Rwanda, Africa Eco Race, Great Ethiopian Run...

o **Integrate culture and nature into the fan experience:** media content in local languages, racing camp on the Ethiopian highlands...



Conclusion

As everywhere else, the Covid crisis marked the year 2020 for Africans. The slowdown in economic activity and the contamination of millions of people have highlighted structural deficiencies, including the dependence on income generated by natural resources and the fragility of health systems. In order to rebound in 2021, it is more necessary than ever to operate new development drivers that are consistent with African assets.

Sports is one of those drivers, which would allow us to take full advantage of the young age and athletic talent of the African population. While considered a hobby by many Africans, sports is already contributing to solving the continent's major economic, health and ecological challenges.

This first survey of 500 thought leaders and key actors in the African sports economy describes a fractured, fragile and inefficient ecosystem. Although national situations are diverse, three main areas of development emerge, upon which a common reflection at the continental scale would be beneficial:

To train and inform: to create, harmonize and regulate a training offer for sports management that prepares young people for the challenges of the sector. Investment in data production and analysis would then provide these trained professionals with the visibility they need to be properly involved and invested in sports

create a supportive business environment and reinvent the governance of sport: create a favourable legal, fiscal and economic framework to stimulate sector activity and then reform the governance of public authorities and sports institutions to be more transparent, representative and participatory

promote sports as a commercial product and innovate in the current business models: consider the commercial dimension of sports by putting the fan at the center of the strategy of the players in the ecosystem, and then respond to the new mode of sports consumption with an innovative offering that values African technology and heritage

Given the obstacles to the progression of the sports economy in Africa, the commitment of governments and all the players in the ecosystem is essential to turn the potential of this sector into an economic reality. The drivers to make it a real economic engine will have to be adjusted locally, depending on the country-specific resources and strategies.

As a follow-up to this study, ASCI and Mazars are now working on a second study on the numerical assessment of the economics of sports in Africa.



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The African Sports & Creative Institute is a non-profit organization that helps sports and creative industry players in Africa create a sustainable ecosystem through its research, consulting and advocacy activities. The Institute provides a platform for public and private entities to launch major sports initiatives.