

## INVESTMENT PROMOTION IN SPORTS AND THE PRIVATE SECTOR INITIATIVE: CHALLENGES AND PROSPECTS

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### **Abstract**

*This paper assessed the prospects and challenges of investment promotion in the Nigerian sports sector with regards to the private sector initiative. The paper is basically a review which examined the issue of investment promotion in sports in Nigeria vis-à-vis the roles the private sector can play. The paper noted that though the private sector investment in sports is already a practice in some developed and developing nations of the world, not much is being achieved in this area of sports development in Nigeria due mainly to the non-categorical stance of the Nigerian Sports Development Policy and the failure of the government to boldly define the roles of the private sector in relation to sports development in Nigeria. The paper highlighted areas where investments can be made in the area of sports. While pointing out some of the prospects accruable from encouraging the private sector to invest in sports development in Nigeria, the paper further noted the challenges being faced in bringing about such investments in sports. Based on the observations of this paper, far reaching recommendations were proffered for the improvement of the investment promotion drives in sports in Nigeria.*

### **Introduction**

For some time now, the issue of investments have been on the front burner of our national economic discourse. These discussions include the advocacy for investments in the various sectors of our economy. Areas for which investors and investments are mostly called for include the industrial sector, estate development, transportation, education, agriculture, information and communication technology (ICT), etc. There is, however, little or no mention of investments in the sports sector. This situation is partly due to the fact that the Nigerian governments at all levels have taken upon itself, the burden of exclusively funding sports with all its attendant disadvantages. One clear negative fall-out of this situation is the inability of government to effectively fund sporting activities mostly in the realm of recurrent expenditure (Aibueku, 2002). Even in the area of infrastructure development governments are seriously constrained in that they are faced with a galaxy of deficits requiring different levels of attention.

The National Sports Commission in its 2009 National Sports Policy is quite innovative in its treatment of the issue of funding of sports in Nigeria. For instance, the Policy states:

*“As with all other endeavours, finance and sponsorship are vital requirements for sports development at all levels. The relatively high overhead cost associated with financing sports programmes, camping, training and competitions continue to hinder its development. Hence, it is necessary to encourage greater financial support for sporting activities.”*

Consequent upon the foregoing, the National Sports Commission directed that all its agencies shall seek to:-

- a. Encourage private sector and national sporting bodies to develop collaborative relationships which can realize the economic value and viability of funding sports programmes which include camping, training and competition
- b. Offer incentives that would encourage financial assistance from the private sector for sports programmes
- c. Undertake fund raising programmes to enhance financing of their activities
- d. Encourage the private sector to contribute to the development of sports or identify with a specific sport with a view to enhancing development of the sport through private sector funding of specific programmes and activities
- e. Encourage the private sector to contribute to development of sports as a way of social responsibility to their host communities and identification with specific sport with a view to developing the sport and
- f. Work closely with the New partnership for Africa's Development (NEPAD) Nigeria, and the National Planning Commission to effectively utilize the base for United Nations under Article 57/7 with the recognition of NEPAD Africa and her programmes in member countries.

The benefits accruable from private sector investment in sports have long been recognized by individuals (Rosentraub, 2009), groups and governments alike. For example, the federal government of Nigeria, in recognition of the positive economic spin-offs from private sector investment in sports, urged the private sector to invest in sports development (Economic Confidential, 2012). This was on the premise that such a scenario where the private sector gets involved in investments in the sports sector will not only ensure that more funds are injected into the sector, but will also help take some of the burden of sports management in the country off the government's shoulders.

Private sector investment in sports is as much a topical issue in Nigeria as it is in other developing and developed nations of the world. For instance, Fakkar (2012) reported that the Jeddah Chamber of Commerce and Industry, Saudi Arabia, while noting "the significance of tapping vast opportunities in the Kingdom's sports sector, took an initiative to explore the avenues of cooperation with a number of sports clubs with regard to pumping private investments into this vital sector."

Furthermore, Kamanga (2013), while recognizing the huge roles already being played by the South African government in sports development, also highlighted the need for the mobilization of local resources and called on the private sector to invest in sports development as a way of investing in the future of the South African youth. In the same vein, Nzech (2012), reported that the president of the South African Olympics Committee, in his address on the topic, '*Private Sector and Sports: The South African Example*', observed that "Nigeria would only move forward if it strongly compelled the private sector to invest in sports as part of its obligations to the country." This, according to the report, is what is being practiced in South Africa since it became obvious that the private sector deliberately abandoned the sports development with the collapse of apartheid. However, the Nigerian government, rather than take this bold step of defining the roles of the private sector in the developmental drive in the sports industry, choose to take upon itself the burden of solely funding sports: a situation that greatly constrains the degree of expansion possible in the sports industry.

The above positions are ample evidences that private sector investment in sports is a development that is believed to be capable of galvanizing the sports sector to greater heights if well managed. This belief is equally shared among individuals, organizations and governments across the globe.

### **Areas of investment promotion in sports**

Some visible areas in which investments in sports can be promoted include the following:

- a. Infrastructure development: Sports infrastructure is the bedrock upon which any meaningful sports programme can be built. Without adequate and up-to-date sports infrastructure in place, attempts at running any sports programme becomes a difficult task (Anejo, 2005; Kamanga, 2013; Ojeme, 2005). Based on this premise, the need to explore opportunities for additional funding in the development of sports infrastructure cannot be gainsaid.

- b. Sponsorship in the sports sector: The foundation for any meaningful development in sports can only be laid through sports sponsorship. Emeruwa (2013) argued that “sport sponsorship is fundamental to the development of sports in Nigeria. The sponsorship of sport is important if the sport sector is to be revamped and made productive.” Sponsorship entails the provision of the financial and or material muscle needed to successfully organize and execute sports programmes. Given that sports programmes are by their nature capital intensive, sponsorship of sports programmes will thus require the inputs of individuals and corporate bodies with strong financial footing. It is on this note that the private sector is strongly encouraged to take part in the sponsorship of sports in Nigeria in order to trigger the needed development in the sports sector.
- c. Investment in competitions: Sports competition, by their nature, command the presence of huge crowd irrespective of the size and nature of the competition. Today, major sports competitions are a beehive of economic activities spanning across ticketing, food supply, memorabilia, media rights, advertisement, to mention but a few. Each of these is a high level money-generating scheme capable of injecting several millions of naira into the sports industry if well managed. To this end, it can be argued that investment in sports competition can only be a win-win situation where investors can hardly run at a loss.
- d. Human capital development: It has been established that investments in sports are invariably investments in human capital development (Kamanga, 2013). Developmental efforts in the sports sector of any society usually translate into positive development in the populace of such society. Such positive gains are usually reflected in the physical, health, social, psychological, economic, and mental dispositions of the populace.

In addition to the aforementioned, Ojeme (2000) provided an overview of the possible areas of investments and professional activities in sports. These include:

1. Consultancy services
2. Sports promotion
3. Marketing of sports goods and services
4. Manufacture of sports goods
5. Sports arena development
6. Ownership of sports clubs
7. Fitness clinics
8. Sports communication
9. Tourism and recreation services
10. Sports schools (academies)

It can therefore be seen that the foregoing reflect the richness of the potential of this field both in terms of business opportunities for professionals with interests in business and resources in investing in sports as well as the private sector with an interest in the development of the sector.

### **Challenges**

As bountiful as the potentials of investments in sports look, it is unfortunately constrained by some challenges. These include:

- a. Return on investments: Most investors in Nigeria constrain their efforts with the thought of returns on investment. It is imagined that investments once made should start yielding returns almost immediately. This is not to be with long term investments like you have with sports. Having regards to the nature of investments in sports it is expected that returns might not be coming in as quickly as intended for any typical business. In running a soccer team for instance it will take several years of investments before the club can stabilize and be in a position to make returns.
- b. Another challenge has to do with policy implementation. The National Sports Commission (2009) is not categorical in allowing the organized private sector to build on a massive scale sports infrastructure like stadia facilities with provision for standard courts for the various sports or make any other investment without undue regulation from the government or her agencies.

- c. Maintenance: This is closely related to the foregoing in that presently in Nigeria there are several sports facilities put in place by the colonialists that are left to rot away due to lack of maintenance. These facilities were left to no one in particular thereby making it impossible to inherit with a view to maintaining them. It is contended that these facilities if taken over by an investor and maintained will enhance the status of sports in the benefiting community.
- d. The private sector initiative: It is the position of this paper that the private sector has not done enough to provoke the needed development in the sports sub-sector of our economy. The private sector over time has just been satisfied with parting with donations to club sides or some sports organizations as a reward for superlative performance and in some other cases to advertise their goods and services. The private sector has not really set up any investment proposal for sports in Nigeria. In comparative terms, multinationals doing business in the extractive industry, Banking, Aviation etc, in developed countries have a clear cut investment proposal for sports. This is not the case in Nigeria. It is the expectation of this writer that these huge business concerns doing businesses in Nigeria should do more than just having a sports desk to having a full scale sports department charged with both the formulation and implementation of the sports policies and development as it concerns their businesses. By so doing sports would have found its way into the organized private sector and more investment opportunities assured.
- e. Tax policy: It is a matter for common knowledge that tax issues for the private sector remains a major challenge. This is more so when all the tiers of government have renewed their efforts aimed at enhancing their internally generated revenue. The implication of this situation might result in multiple taxation and in some cases illegal taxation with the investor, at the receiving end.
- f. Access to capital: For those who desire to invest in sports for the purpose of doing business access to capital is a problem. The Banking industry in Nigeria has not come up with a template of assisting people in this category with required funding to grow their concerns thereby opening up the space both for growth and competition.

### Prospects

It is envisioned that with adequate investments in the sports sub-sector of the Nigerian economy the impact will be seen in the following areas:

- a. There will be adequate provision of required facilities, equipment and supplies in the various sports. This will enhance the quality of training of athletes as well as the output in competition. The net effect of this will be better trained athletes, clearer chances of winning competitions and better placed to attract even greater investment in sports.
- b. Job Creation: Sports is globally recognized as a major contributor to job creation efforts in any nation. Ojeme, (2000), Okauru, (2013), agree that adequate investments in sports will create jobs for the teeming unemployed population of Nigerians who crave to be gainfully employed. These jobs will come either by way of direct employment as programme athletes or in the provision of services in the related areas.
- c. Promoting National Unity: Historically, sports is generally known as a unifying force. Nigerians will not forget in a hurry the joy of unity that enveloped the country when the Nation's team won the Olympic Gold in soccer. The jubilation that greeted this feat had no religious, ethnic, state or any other boundaries. This is what sports can always achieve for Nigeria if the right investment climate is created.
- d. Production of superlative athletes: Given the number of talents in the country and taking full advantage of the state of health of the sports sub sector, Nigeria will be in a position to export athletes to other countries both as athletes or in pursuit of other professional ventures in the diaspora.
- e. Okauru (2013) opined very strongly that one of the major prospects of investment promotion in sports is the fact that sports will provide a major source of additional tax revenues even with all the incentives currently available.
- f. A well structured sports development will further provide an avenue for foreign capital inflow into the economy.

- g. It will help the country to harness her resources, ensuring best use of limited resources and providing integrated opportunities in a co-ordinated manner for people to progress at their own pace.
- h. Capable of providing direction and purpose for the people and the society.
- i. Adequately supported sports set-up expectedly will teach morals, teach lessons in endurance, of winning and of losing of team play and of crowd management.
- j. Furthermore, it will have capacity to build confidence and self esteem, the capacity to challenge, inspire and most of all, the capacity to provide endless hours of enjoyment and fun.

### **Summary and conclusion**

This advocacy paper was aimed at drawing attention to the issue of investment promotion in sports by the private sector and the impact it will have on the development of sports in Nigeria. It looked at the areas in which investment could be made in sports which include: Infrastructure development, consultancy services, marketing of sports goods and services, manufacture of sports goods, fitness clinics etc. An analysis of the challenges of the drive for investment promotion in sports was undertaken as well as highlighting the prospects of adequate investment promotion in sports.

Based on the foregoing it can be safely concluded that investment promotion in sports is hampered by the unclear policy position on the issue.

### **Recommendations**

1. The 2009 Sports Development Policy should be reviewed with a view to making the private sector participate in sports development on a more direct basis. The present situation where by the private sector is merely encouraged to donate to sports is not far reaching enough.
2. The present tax policy of granting tax holidays to business concerns that have demonstrated corporate social responsibility should be expanded to include sports services.
3. The need to have an integrated approach to sports development involving all segments of society like the schools, churches community development associations etc should be encouraged thereby making the business of sports in Nigeria a National concern.
4. Given the demand for trained manpower in the broad area of sports, the need for greater and more intense capacity building in the area of sports cannot be overemphasized. Sports managers, administrators, exercise physiologists, psychologists etc should be available in their numbers so as to handle the various aspects of sports in the community.

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