Views On News

رأي في أزمة
VIEWS ON CRISIS

ECES
المركز المصري للدراسات الاقتصادية
The Egyptian Center for Economic Studies

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Views on the Crisis

"Impact of the Pandemic on the Sports Sector"

Introduction

While the whole world shares the broad outlines of the economic and social repercussions of the Coronavirus (COVID-19), which are unprecedented in its recent history, the implications thereof for each country are linked to the nature of each country's economic system, its ability to withstand the entailed repercussions and the speed of its recovery.

In light of the need to study the sectoral implications of these repercussions in order to address the crisis properly, the Egyptian Center for Economic Studies (ECES), in its initiative, is producing a set of daily reports entitled "Views on Crisis". The reports aim to analyze the implications of the coronavirus crisis for Egypt in relation to a number of vital production and service sectors and to key macroeconomic variables. This ECES initiative comes from the belief that the current critical conditions require directing state's efforts towards achieving two main goals: providing a decent life for Egyptians during the crisis and in the recovery phase, preserving the existing investments-especially domestic investments- and helping to overcome the crisis and prepare for a rapid launch with the gradual decline of the crisis and recovery of the global economy.

The methodology used in these reports is based on an analysis of the supply and demand shocks associated with the crisis cycle in its various stages. Given the lack of detailed data on the sectoral impact of the crisis, the sectoral analysis is based on logical assumptions related to the nature of each sector and the degree of sector vulnerability to previous sever crises that were certainly less severe than the current crisis and different in nature. However, it is a starting point for the urgently required scientific diligence at this stage.

The reports attempt to provide a detailed perception of the magnitude and direction of crisis impact on each sector at present and until the end of the crisis. They aim to propose quick solutions to reduce the adverse impacts of the crisis in a balanced and integrated means that complement the serious efforts made by the state in this regard, and to offer other longer-term solutions to the existing institutional flaws, clearly revealed by the crisis. It is high time that these flaws are radically removed, which will improve post-crisis development efforts.

"In these difficult times, the ability of sports to bring people together is missed more than ever. The industry itself may be in new territory, but with the right strategies can emerge from the crisis stronger and more popular than ever."

Stefan Hall

Project Lead, Media,
Entertainment and Culture,
World Economic Forum

First: Brief description of the subject of the report

Recent decades have witnessed radical changes in the global vision for the sports sector. It is no longer just an entertainment activity but has rather become a vital sector with economic importance, whether in terms of the volume of financial transactions associated with it, or its products provided to consumers, whether commodities, services, or a sporting event. This prompted many countries to deal with sports[1] as both a product and an industry. It has economic weight and added value, which contribute to both countries' income as well as the income of individuals.

- The global sports market is estimated at $756 billion annually, according to the report issued by the United Nations Department of Economic and Social Affairs (UN DESA) in May 2020, which studies the economic and social impact of the Covid 19

[1] Sports are generally divided into two main types: Professional sports and non-professional sports (amateur sports). Professional sports are those sports activities and services with financial returns and production chains, both in terms of players and their returns, as well as sporting events and ticket sales, and the associated media industry, broadcast rights, advertisements, etc. As for the non-professional sports, they are the sports activities and services that are practiced without a material return and whose goal is a health, social or other return, such as children's sports and others.

pandemic on sports activity around the world[2]. It is noted that this value is related to the sports industry directly, which if coupled with indirect industries,[3] the value would rise to about $840 billion annually, according to the global company SPORT VALUE.[4]

- The economic impact of the sector does not stop at these revenues, but extends further as a result of the multiplier effect, which is estimated at an average of 2.5 times the direct revenues[5] according to global sources, or about $1.8 trillion annually. The sports sector's ability to bring masses together makes the economic impact go beyond just buying tickets, extending to the production chains of other sectors such as transport, food, drink and others.[6]

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[2] Bas. Daniela., Martin. Melissa., Pollack. Carol and Venne. Robert, Policy brief (1-4) No 73 "The impact of COVID-19 on sport, physical activity and well-being and its effects on social development", UN DESA, May 2020.

[3]Indirect sports industries refer to sports-related services and products that fall under the revenues of other sectors such as sports tourism.

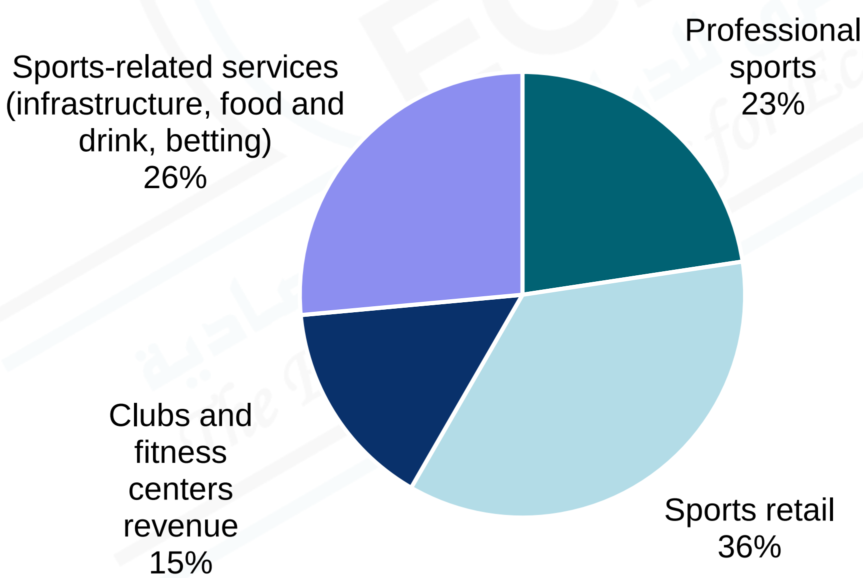
[4] https://sportsvenuebusiness.com/index.php/2020/03/19/coronavirus-economic-impact-on-the-sports-industry

[5] This effect varies according to the nature of sporting activity in the countries and the nature of the popular base for the sector.

[6] https://sportsvenuebusiness.com/index.php/2020/03/19/coronavirus-economic-impact-on-the-sports-industry

- The sports market revenues comprise globally of professional sports, sports retail, revenues of clubs and fitness centers, as well as sports-related services such as infrastructure, food, drink, etc. The sports retail trade accounts for the largest proportion of the volume of revenue, with a value of about $270 billion annually. Figure 11.1 shows the percentages of revenues for the four sectors at the global level.

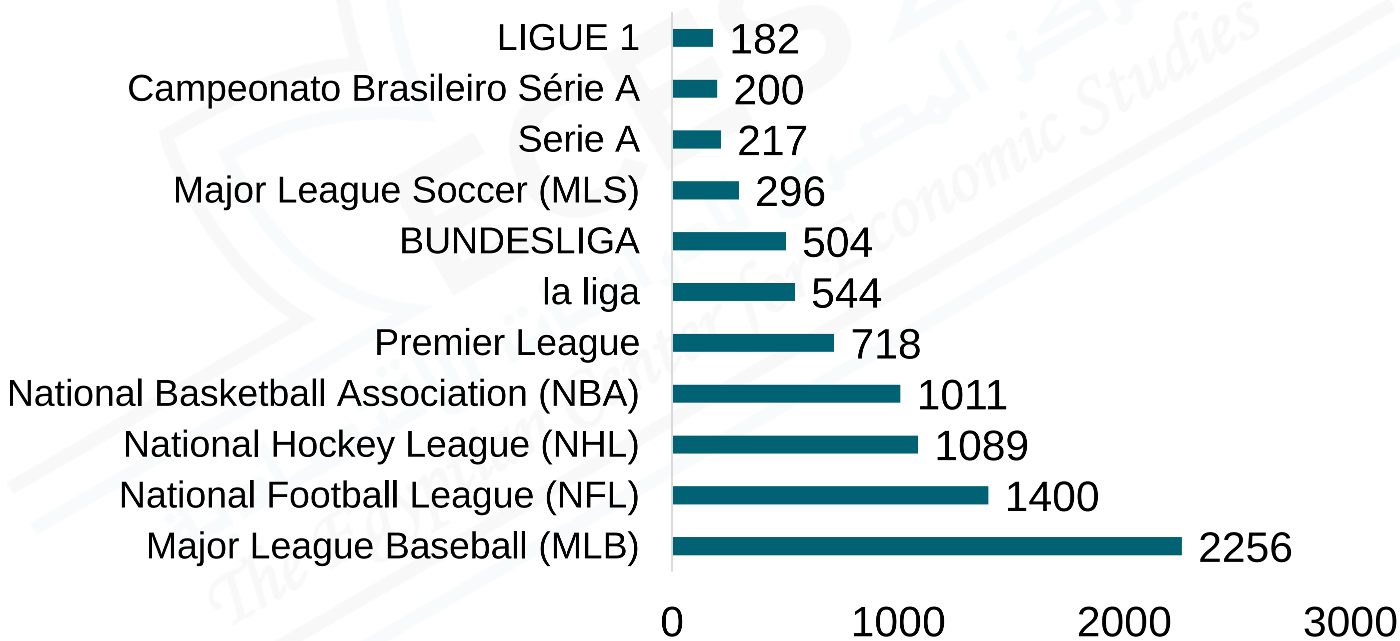
Figure 11.1. Global sports industry revenue percentages



Source: Sports Value.

- The United States accounts for the largest proportion of the sports market, with revenues of about $420 billion annually,[7] followed by Europe with $250 billion. Figure 11.2 shows the most important tournaments, leagues, global activities and their annual revenues.

Figure 11.2. Revenue from the most important leagues and tournaments worldwide



Source: Sports Value.

[7] It is worth noting that taxes paid on sports investments in the United States during 2016 amounted to about $217 billion.

- The global sports market continues to shift from traditional consumption to digital consumption, as sports technology companies[8] have achieved growth rates of 7.6% during the past five years.[9]
- At the regional level, there is notable expansion in the sports industry in the Middle East and Africa. Growth is expected to achieve rates close to 10%[10] in the next five years. In recent decades, there has been a great boom in the sports market, especially in the Arab Gulf states. Annual spending on sports in Dubai alone, for example, amounted to about $1.7 billion in 2016, and the contribution of the sports sector to the Emirate's GDP amounted to about $670 million, based on the analysis conducted by Deloitte International in its 2016 report on the economic impact of sports in Dubai.[11]

[8] There are many sports technology companies, such as different games companies, as well as sports data and statistics companies, practitioners, performance measurement and others.
[9] Source: Dr. Saad Shalabi, Professor of Physical Education at Mansoura University.
[10] Ibid
[11] Deloitte Global Foundation, Economic Impact of Sport in Dubai, 2016.

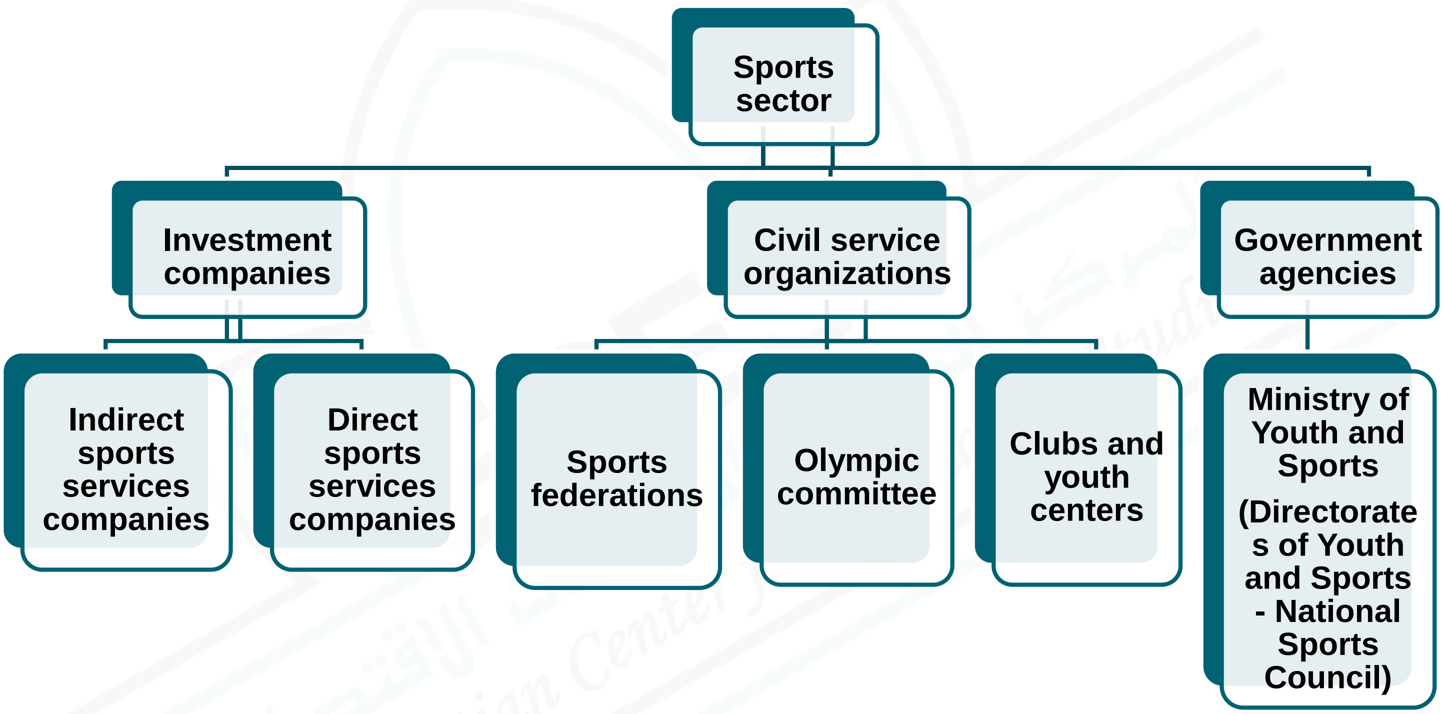
- Egyptian sports occupy a distinguished position at the global and regional levels, as they constitute 25% of the volume of sports investment in the Arab world, and contribute 2.7% of total investments in various sectors in Egypt. An estimated 8% of investment in the tourism sector is related to sports.[12]
- The contribution of the sports sector to GDP is estimated at 1.8% in 2016[13]. Despite lack of data about the sector in the years following that year, it is expected that this percentage will increase according to many experts due to the strong boom the sector witnessed in infrastructure during that period, as well as Egypt's hosting of many tournaments such as the African Nations Cup and others.
- The sports sector in Egypt is represented in three main bodies:

[12] Special statements by Dr. Saad Shalabi, Professor of Physical Education at Mansoura University, to Al-Mal and Al-Borsa newspapers, which can be accessed via the following links:
https://cutt.us/PgwIB
https://alborsaanews.com/2017/11/16/1065390

[13] ibid.

- **Government agencies**, **non-governmental organizations**, and **investment companies**. Figure 11.3 illustrates the institutional and legal structure of the sports sector in Egypt.[14]

Figure 11.3. Institutional structure of the sports sector in Egypt



Source: The Egyptian Center for Economic Studies (ECES).

[14] The National Sports Council was established in 2005, and reported directly to the Prime Minister until 2012, and then to the Ministry of Sports.

- **Table 11.1 shows the differences between the three bodies in terms of the legal definition, objectives of the institution and the nature of the sporting activities provided by each entity.**

Table 11.1. Differences between government, private and investment entities

Characteristics	Government agency	Civil society	Investment agency
Definition	Bodies that the State establishes within the structure of the government apparatus at its various levels within the ministries or institutions concerned with sporting activity as part of their responsibilities specified in their	These institutions undertake non-governmental efforts, and they are represented in every group that is a going organization consisting of several natural or legal persons, and the goal is to nurture youth and develop their faculties.[15]	They are joint stock companies whose issued capital is not less than EGP 250 thousand and are specialized in all sports services provided. They are divided into direct sports services companies (sports activities), and indirect sports services companies.

[15] The legal definition of civil organizations according to Law No. 77 of 1975 concerning civil organizations for the care of youth and sports

	establishment resolutions.		
Objectives	Planning and organizing everything related to youth and sports in Egypt, setting plans and programs in light of the State's public policy, and promoting all components of sports activity.	Caring for youth and creating appropriate conditions for the development of their talents, by providing sports, social, cultural, religious, health and recreational services, all within the framework of the State's public policy, and providing recreational places for families to spend their leisure time.	Services and objectives are varied, as follows: 1- Establishing private clubs 2- Establishing and managing sports stadiums, indoor halls, or swimming complexes 3- Establishing health clubs or fitness centers 4- Establishing sports academies and military rehabilitation 5- Sports Marketing 6- Management and operation of sports clubs 7- Management and operation of sports activities and other areas related to the sports field.

Employees	Work in these government agencies is undertaken by public employees who are subject to the labor laws of the State's government apparatus, whether in terms of qualification, experience, salary systems or promotion.	These institutions are managed by boards of directors whose members are elected from the group of working and paying members who represent them. The nature of employees in civil organizations varies, including employees, administrators, and workers, as well as players, coaches, sports teams, and others.	Employees and workers who are subject to the labor law and the law of joint stock companies, as well as athletes, coaches, medical personnel and other specialists in sports activities services.
Control	Like other governmental institutions (such as the Central Auditing Organization), it is subject to the control and follow-up of the government control and follow-up agencies.	It is subject to supervision from the Ministry of Youth and Sports, and the Directorates of Youth and Sports.	Ministry of Youth and Sports and its directorate.
Profit	Not for profit	Not for profit	For profit

Examples of the nature of activities and revenues.[16]	- Implementing some sports programs and activities (like the Zayed Marathon, the Cycling Festival, the Youth Centers League for Football ... and others - Conducting various programs and activities to stimulate sports tourism - Attracting additional resources to finance sports through government programs and support, hosting international tournaments, sport's share of	For clubs: - Selling memberships, availing sports services to members, and participating in various leagues and tournaments, whether local, regional or global for all sports Holding exhibitions, parties and establishing sports schools - Promoting the club and obtaining rights for broadcasts and advertisements - Receiving government subsidies **As for the Olympic Committee**: - Preparing Egyptian missions to participate in Olympic Games - Obtaining the support of the International Olympic Committee as well as government subsidies. **As for the federations:**	Companies that provide direct sports services: - Participation in local and international tournaments - Sale of memberships - Holding concerts and exhibitions - Obtaining revenues from broadcasting rights and renting restaurants and shops inside the club or around the club's perimeter Companies that provide indirect sports services: - Production and import of sports products, whether devices, tools or others

[16] Source: Sherif El-Sayed Youssef and Ahmed Sayed Ahmed Abdel-Fattah, the Economics of Egyptian Sports during Natural Disasters (a case study), online study, Cairo, Helwan University, 2020.

	the public budget, and others ...	- Obtaining educational scholarships from European universities - Receiving various royalties from advertising, sponsorship and broadcasting rights. - Obtaining various support and subsidies from the Olympic Committee as well as the Egyptian government.	- Marketing different tournaments for sports marketing companies

Source: The Egyptian Center for Economic Studies (ECES).

- The legal and institutional framework for the sports sector has witnessed huge changes since 2017, especially after the issuance of Sports Law No. 71 of 2017, which tried to avoid many of the problems and weaknesses in the old Youth and Sports Bodies Law No. 77 of 1975.[17] It is in line with global changes in the field of sports and is not confined to activities and practices, but considers the sector as an industry and investment. It opened the field of investment, and achieved

[17] The IOC's letter to its Egyptian counterpart in February 2014 constituted a strong impetus for the issuance of the new sports law, especially after the committee threatened not to recognize any club or federations elections held under the old sports law

many aspects of decentralization that contributed to the ease and support of decision-making, though it lacks some controls that regulate those aspects of decentralization.[18] Table 11.2 illustrates the key aspects of change in the legal and institutional framework regulating the sports sector.

Table 11.2. Similarities and differences between the old sports law and the new sports law[19]

Features	Law No. 77 of 1975 (Old Sports Law)	Law No. 71 of 2017 (New Sports Law)
Competent authority	This law subjected all youth and sports bodies financially, organizationally, administratively, technically and health-wise to the supervision of the competent administrative authority (the competent ministry)	The jurisdiction has returned to the sports institutions themselves, including clubs, youth centers, federations, and an Olympic committee, as it grants the general assemblies of the sports bodies the right to set and amend their bylaws.
Settlement and disputes	Granted the head of the competent administrative authority the right to declare the nullity of any decision issued by the general assembly in violation of the provisions of this law. The authority has the right to appeal to the competent minister within 15 days, and to appeal	Establishes sports settlement and arbitration centers that the competent administrative authority can resort to if they wish to nullify any decision issued by the General Assembly of the Sports Authority.

[18] These controls are intended to define the scope of decentralization and the roles of club presidents so that they are not allowed to exercise broad powers without effective guidance or control.
[19] Youssef Al-Wardani, the Effects of the New Sports Law in Egypt, the Egyptian File, Issue 41, Cairo, 2017, from pp. 19 to p. 27.

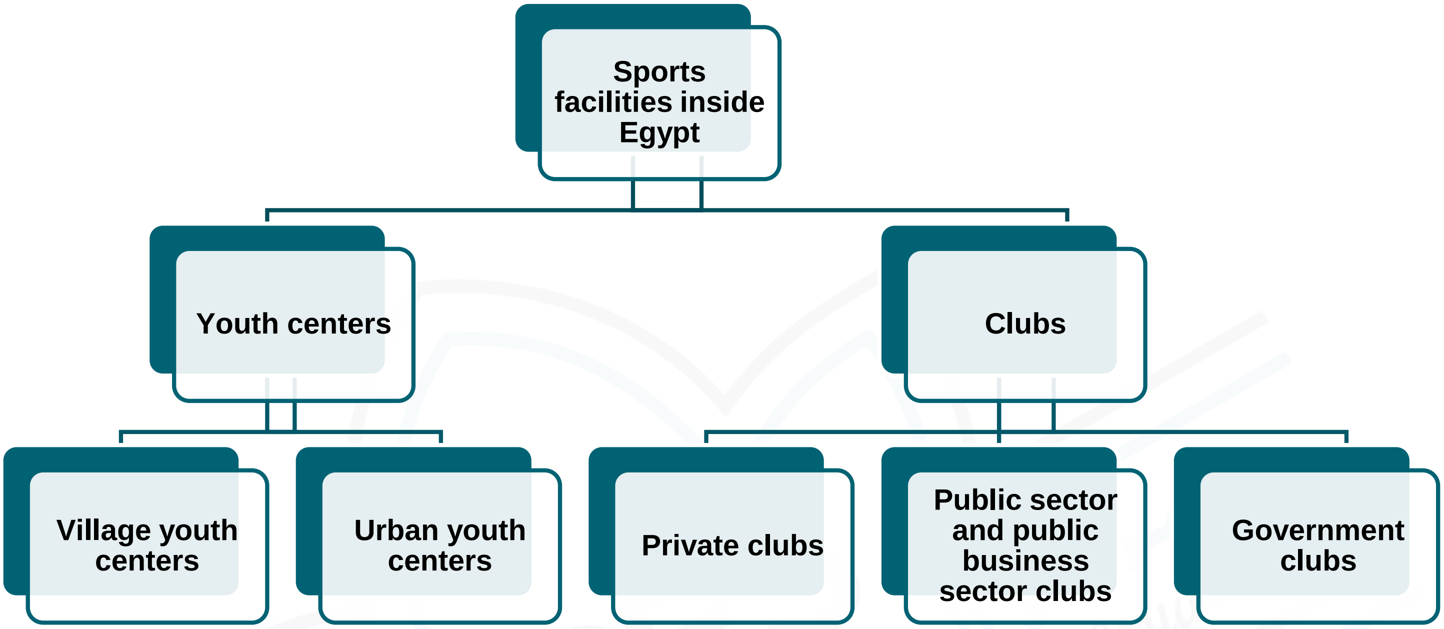
	against it before the Administrative Court within sixty days from the date the grievance was rejected.	
Donations, grants and utilization of surplus revenue	Requires the approval of the competent administrative authority.	Only requires notification to receive subsidies and donations, and creates a new resource, which is the return on investment of the sports body's funds, as no restriction was placed on disbursement except for the supervision of the General Assembly.
Investing in the sports field	The field of sports investment has not been addressed, nor are investment companies allowed to be established within the sports sector.	Dedicates an independent chapter to investing in sports, giving the right to sports entities to establish joint stock companies that will be offered to the public (with the approval of the central administrative authority), as well as the right to establish branches for clubs in the form of joint stock companies.
Creating new bodies		The Egyptian School Sports Federation, the Egyptian Sports Federation of Universities and Higher Institutes, the Egyptian Anti-Doping Organization, and the Sports Settlement and Arbitration Center were created, and the law upgraded the level of the Paralympic Committee to a body with legal personality.
Sports Authority Board of Directors	The competent minister may include in the membership of the board of directors of the authority three members at most, and he is also entitled to issue a reasoned decision to dissolve the board of directors and appoint a temporary council for a period not exceeding one year.	The Sports Authority elects from among them the first board of directors for a period of 4 years.

The General Assembly	It meets normally once a year, and the meeting is not valid except with the attendance of the absolute majority.	The general assembly of the sports body holds an ordinary meeting once a year according to the procedures and the system specified by the bylaws of the sports body.

Source: The Egyptian Center for Economic Studies (ECES).

- The above two tables indicate that the sports sector is diversified between sports facilities that are mainly interested in sports activity and its practice, and non-sports and organizational establishments that focus mainly on organizing the sports sector or providing services and products related to the sports field. Figure 11.4 shows the structure of (official) sports facilities in Egypt and their definitions:

Figure 11.4. Structure of (official) sports facilities inside Egypt[20]



Source: The Egyptian Center for Economic Studies (ECES).

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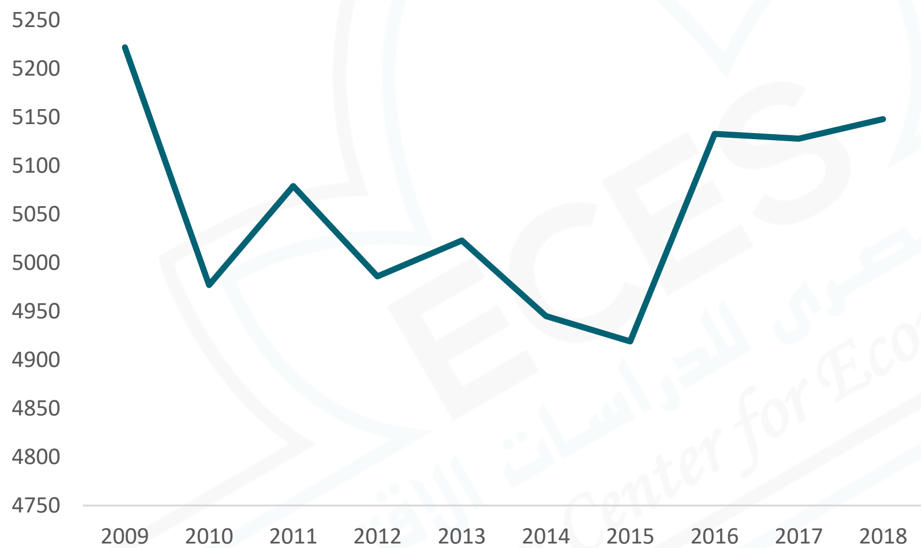
[20] The report is based on the definitions of the Sports Bulletin issued by the Central Agency for Public Mobilization and Statistics, which are:
- Sports club: is every establishment that aims at a sporting and social idea with the aim of spreading physical and social education and spreading the national spirit among the members, by preparing the means and facilitating the means to occupy their spare time in a way that benefits them with physical, social, sports and health benefits.
- Government sector clubs: are the clubs whose membership is limited to government sector workers, such as the Customs Club, the Tax Club.
- Public sector and business sector clubs: are the clubs whose membership is limited to workers in the business sector and the public sector, such as Enppi Club, Esco Club.
- Private sector clubs are clubs whose membership is not limited to a specific category of individuals, but membership is for every citizen who wishes to join the club according to the club's regulations such as Al-Ahly Club and Zamalek Club.

Youth centers: centers equipped with buildings and facilities set up by the state or local councils in cities or villages with the aim of providing citizens with an opportunity to use their spare time to practice various aspects of sporting activities under the supervision of a specialized leadership.

- A continuous increase is noted in the number of sports facilities since 2010, as their number in 2018 reached about 5148 official sports facilities distributed all over the country. Figure 11.5 shows the development of sports facilities from 2009 to 2018.

Figure 11.5. Evolution of the number of sports facilities in Egypt (2009-2018)



Source: Annual Bulletin of Sports Activity Statistics in Sports Facilities for 2018 issued by the Central Agency for Public Mobilization and Statistics.

- The above figure indicates some important observations that should be noted in order to understand the nature of the sector and its fundamental problems, as follows:

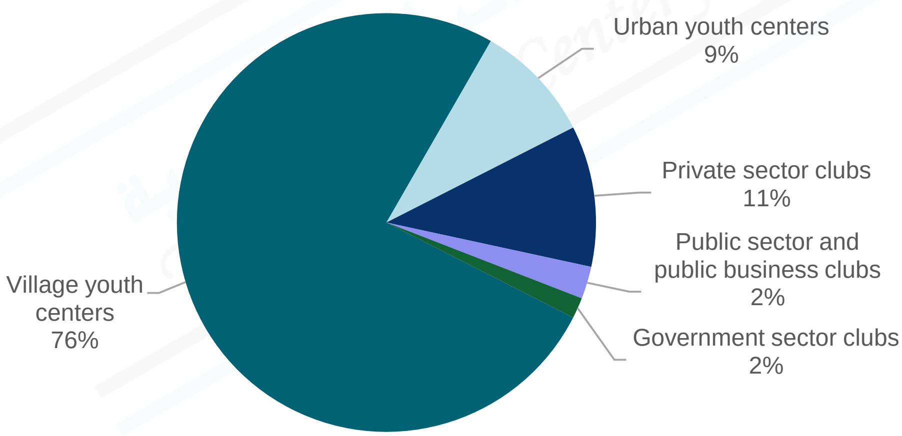
1- **There is a notable decline in the number of sports facilities during the period between 2011 and 2015, which is mainly due to the stoppage and closure of some facilities as a result of political and security problems, or the exclusion of some of them from sports activity. We note that this decline did not stop at the number of facilities, but rather extended to the sector as a whole in terms of practitioners, teams and others, which explains the structural problem associated with sports since 2011 until now.**

2- **There has been a surge in the number of facilities since 2016, which is mainly due to the State's efforts to pay attention to the sports sector and its infrastructure.**

3- **Despite this clear surge in the number of facilities, which reached its peak in 2018, it was less than it was before 2010.**

- Youth centers constitute the largest percentage of facilities, as they account for about 85% of sports facilities in Egypt, while the percentage of club facilities is only about 15% of these facilities. Despite the fact that youth centers account for the largest percentage of establishments, approximately 90% of these centers are located in villages and are characterized by weak infrastructure and services. These centers are largely the preserve of males as most of them do not suit girls or the nature of games they play. Figure 11.6 and Table 11.3 show the percentages of the numbers of each facility, as well as the difference between the growth rates of facilities and the numbers of their members, as well as the number of their stadiums.

Figure 11.6. Percentages of each facility out of the total of sports facilities in Egypt



Source: Annual Bulletin of Sports Activity Statistics in Sports Facilities for 2018 issued by the Central Agency for Public Mobilization and Statistics.

Table 11.3. The facilities' growth rates and the number of their members as well as the number of their stadiums

Characteristics	Government clubs	Public sector and public business sector clubs	Private clubs	Urban youth centers	Village youth centers
Average annual growth rate of facilities during the period (2008-2018)	-2.67%↓	-2.04%↓	-0.68%↓	1.71%↑	0.58%↑
The percentages of the facility's members out of the total members of the sports facilities in 2018	3% (246032) members	5% (420700) members	40% (3284398) members	17% (1383814) members	35% (2834023) members
The percentage of the facility's stadiums out of the total stadiums of the sports facilities in 2018	3% (238) stadiums	8% (663) stadiums	32% (2739) stadiums	13% (1146) stadiums	44% (3834) stadiums

Source: The Egyptian Center for Economic Studies (ECES) based on the sports facilities bulletin data issued by the Central Agency for Public Mobilization and Statistics.

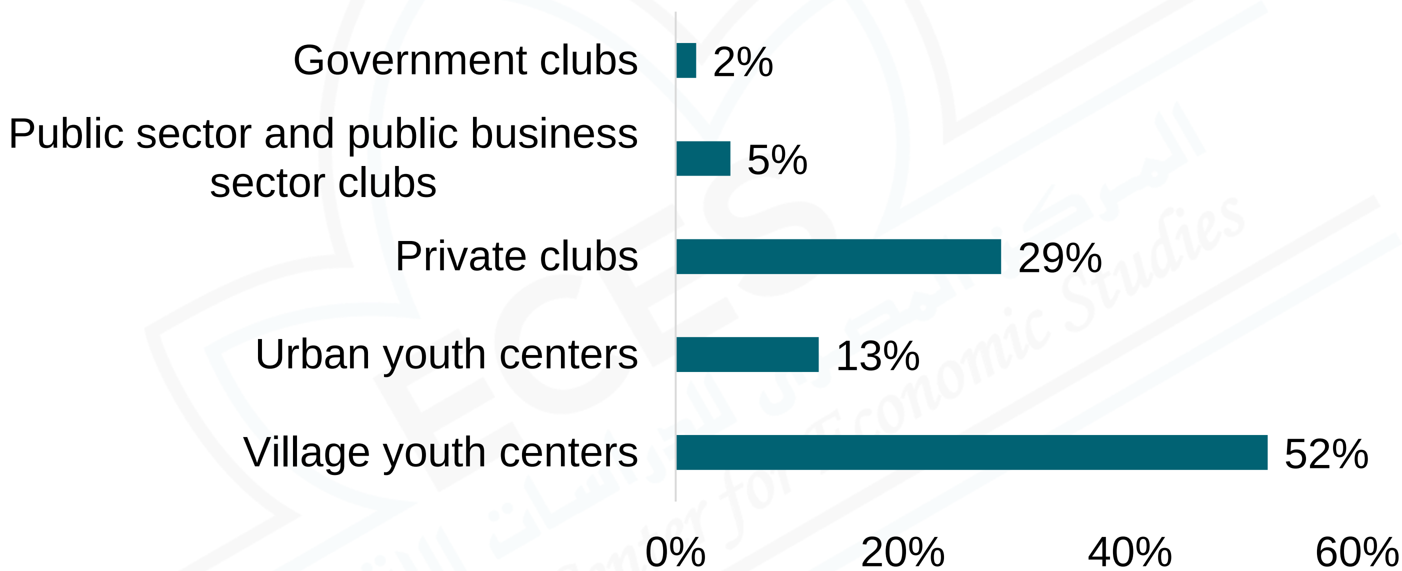
- **There has been a decline in most sports facilities during the last ten years. Despite the achievement of positive rates for youth centers, they remain very weak, as the average growth of centers did not reach more than 1.7% in cities, and 0.6% in villages. These percentages must be read very carefully, as they have nothing to do with the quality of these facilities, the quality of the services provided, or the achievement of geographical justice.**
- Although village youth centers accounted for the largest percentages of members, these percentages constitute only 25% of the total number of youths in villages, which amounts to 11.3 million young people, according to data of the Central Agency for Public Mobilization and Statistics.
- Also, percentages of stadiums do not accurately show the diversity of stadiums nor their quality. Despite the high percentages of youth centers' stadiums, which are close to 60% of the stadiums in Egypt - cities represent about 13% while the villages are about 44% - they are mostly weak in terms of infrastructure or capacity of the stadium itself, as well as the

capacity of the stands. Therefore, **the numerical comparison here does not properly reflect the reality**.

- The previous table reflects figures of the formal sector in sports facilities, while the informal sector constitutes a large proportion of the size of the sports facilities in Egypt. Law No. 71 of 2017 attempted to formalize the status of these facilities, which are the five-a-side stadiums spread all over the country as well as physical fitness centers (gyms), sports academies and others. Although there are no statistics for these facilities, they are estimated at tens of thousands in villages, cities and governorates.
- The same is true for the number of employees. According to official figures, their numbers are estimated at about 140 thousand in all facilities. The percentage of men is about 81%, while the percentage of females is 19%. The village youth centers account for the largest percentage of employees (more than 50%). Figure 11.7 shows the percentages of employees in each type of facility. According to unofficial figures, the numbers are estimated at about 4 million employees within the sports

sector, which explains the huge expansion of the informal sports sector.

Figure 11.7. Percentage of the number of employees out of the total number of employees in sports facilities



Source: The Egyptian Center for Economic Studies (ECES) based on the Sports Facilities Bulletin issued by the Central Agency for Public Mobilization and Statistics for 2018.

- We note the diversity of the roles of sports facilities, as their activities are not limited to sports activities, but recreational, commercial and social activities constitute a large proportion of the volume of their revenues, whether through cinemas, theaters or concert halls. However, we note that the largest proportion of these facilities belong to private clubs, which account for 90% of total cinemas, theaters and concert halls.

- **As for the different sports,[21] the nature of games in the country is broad and varied, whether group or individual games. Table 11.4 shows a breakdown of sports in Egypt and the percentage of the number of players for each game from the total number of players.**

[21] It refers to all sports and sports activities in Egypt (adults and cubs).

Table 11.4. Sports games in Egypt and the number of players for various games in 2018

Type of game	Number of Players	Percentage of total sports players in Egypt, %
Football	224157	38
Handball	32495	5
Basketball	24352	4
Volleyball	27531	5
Tennis	4007	1
Table Tennis	33487	6
Boxing	5465	1
Wrestling	7088	1
Weight lifting	6965	1
Bodybuilding	6175	1
Athletics	28571	5
Gymnastics	11709	2
Kung fu	32494	5
Karate	90660	15
Judo	9631	2
Taekwondo	11435	2
Swimming	25859	4
Other games	15462	3
Total	**597543**	**100**

Source: The Egyptian Center for Economic Studies (ECES) based on the Sports Facilities Bulletin issued by the Central Agency for Public Mobilization and Statistics for year 2018.

- Despite the fact that group games have the largest percentage of sports players in Egypt, estimated at 52%, there are many games that constitute a large proportion of the number of athletes, especially karate, kung fu, athletics and swimming.
- The largest proportion of investments and revenues is that of football due to its popularity, whether inside or outside Egypt, accounting for the largest and most important share of the sports industry.
- The number of football teams reached about 18 thousand teams, accounting for 29% of total sports teams in Egypt, which amounted to about 61 thousand teams during 2018. The number of football players were estimated at approximately 225 thousand players, representing 38% of total sports players in the country.
- In 2018, football matches accounted for the largest percentage of the number of sports activity matches, with 44% of total matches in various games, which amounted to about 189,000 matches over the same year.

The impact of previous crises on the sports sector in Egypt

This section reviews the implications of some previous crises on the sports sector in Egypt. The analysis deals with the period of the January Revolution and subsequent turmoil in the sports sector, which culminated in the events of Port Said and the subsequent interruption of sporting activity. It also deals with the liberalization of the exchange rate at end of 2016 and subsequent decline in the income of citizens. The impact of crises varies in nature according to the nature of activity, as well as according to the year in terms of the nature of the different tournaments and leagues therein. The impact also varies in terms of being a direct impact on the sector, i.e., related to the sports facilities themselves and the closure of some of them, as well as the numbers of teams, players, matches, etc., or an indirect effect related to broadcasting rights, advertisements and other major sources of revenue within the sector.

It must also be noted that there is a fundamental difference in the nature of the current crisis compared to any previous crisis, as the sector did not witness a complete cessation of all activities and a complete closure of all clubs and youth centers before. The previous crises were limited to either the suspension of activity for a limited period or partial closure of some clubs and youth centers.

Figures 11.8 and 11.9 below show the decrease in the volume of organized sports activity during these two periods.

Figure 11.8. Number of teams and players of all sports in Egypt, 2010 and 2011

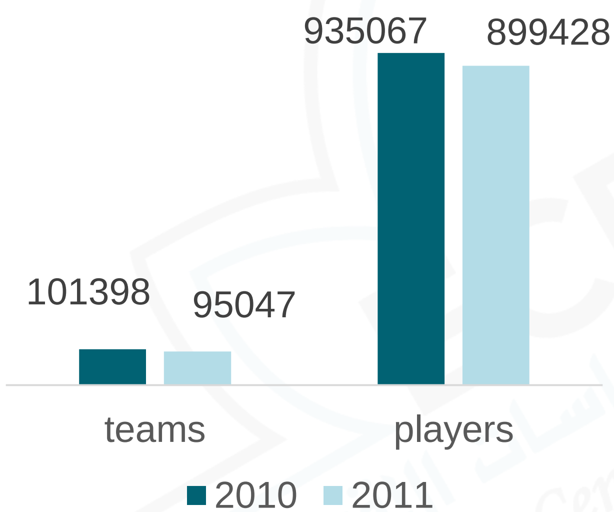
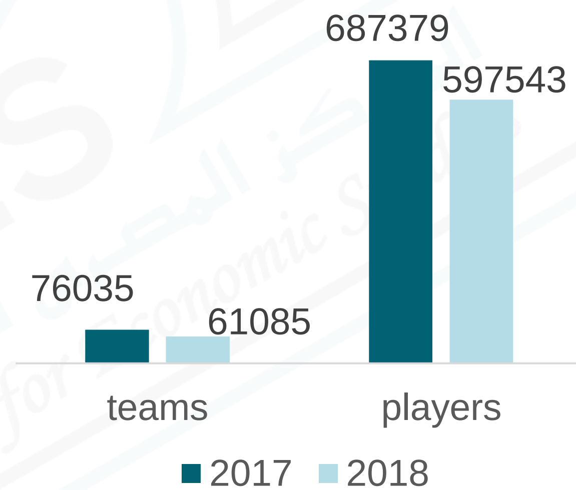


Figure 11.9. Number of teams and players of all sports in Egypt, 2017 and 2018



Source: The Egyptian Center for Economic Studies (ECES) based on data of sports facilities bulletins for years 2010, 2017 and 2018 issued by the Central Agency for Public Mobilization and Statistics.

- The two crises witnessed a remarkable decline in the numbers of both teams and players. Figure 11.8 shows the decline in numbers during the January 2011 Revolution; the rates of decline of teams and players reached 6% and 4%, respectively.

- The crisis also witnessed a significant decline in the number of foreign coaches, as their number decreased from 44 to 8 foreign coaches, with rates of decrease exceeding 80%, as most clubs resorted to reducing their expenses, of which the salaries of these coaches constitute a large proportion, in addition to security chaos witnessed during that period, which prompted these coaches to terminate their contracts with their clubs.
- The sector also witnessed a remarkable decline in the numbers of both teams and players during 2018. Despite the multiple reasons for this decline, it is likely due to the nature of the structural developments that the Egyptian society witnessed as a result of the exchange rate liberalization in late 2016, and its impact on the incomes of individuals and revenue of clubs and youth centers. This was reflected in 2018, as the number of teams and players decreased by 20% and 13%, respectively, compared to 2017.
- We also notice a decrease in the number of foreign coaches during that period by up to 24%, as the number of coaches decreased from 62 to 47 in Egypt.

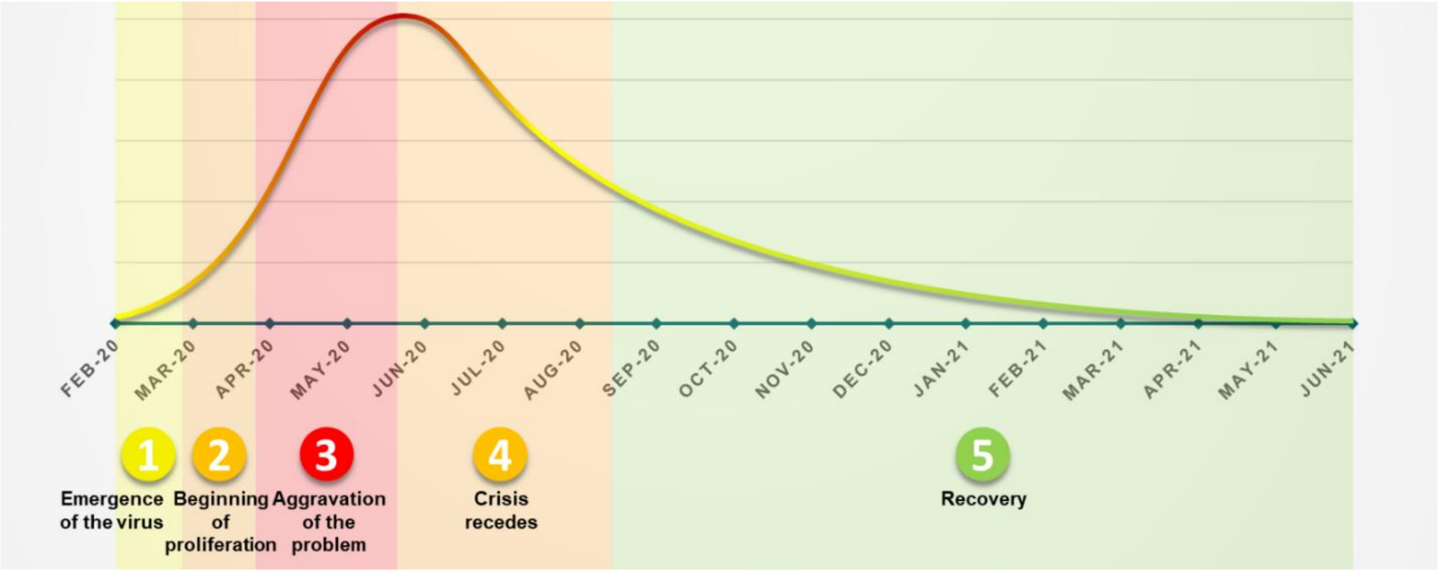
- As for the indirect impact, despite lack of information and data on the decline in the sector's revenue during the two crises, unofficial estimates indicate losses of more than one billion Egyptian pounds due to suspension of the Egyptian football league after the Port Said massacre in early 2012.[22]\

Second: Demand and supply shocks in light of the crisis cycle

The expected impact on demand and supply is related to the stage we are facing in the crisis cycle. We can track five stages during the crisis cycle as summarized in the following figure:

[22] https://www.emaratalyoum.com/sports/arab-and-international/2012-03-11-1.467831

Figure 11.10. Crisis Stages



*So*urce: The Egyptian Center for Economic Studies (ECES).

Below is a brief description of each stage:

The first stage: Emergence of the virus

The crisis began and aggravated in China only. The rest of the world, including Arab and European countries, were not yet affected by the crisis.

The second stage: Beginning of proliferation

The spread of the virus globally. Arab countries began to be affected at the end of February and initiated precautionary measures to prevent the spread of the virus. European countries are greatly affected.

The third stage: Aggravation of the problem

The situation in the world has worsened, tougher measures in Arab countries, especially Saudi Arabia, and in European countries, a major worsening of the crisis in Italy, beginning of the virus's receding in China, and beginning of its spread in the United States.

The fourth stage: Crisis recedes

The beginning of recovery from the virus globally, starting from China, which is expected to be followed by European countries, and finally, Arab countries and the United States.

The fifth stage: Recovery

Gradual recovery in all countries, including Arab countries, although the latter's recovery is expected to be delayed due to being strongly impacted by the global economy and its weak impact on it.

As for the supply and demand shocks, they are defined as follows:

- **Demand shock**: means a change in demand for services and products in the sports sector as a result of the complete cessation of sporting activity.
- **Supply shock**: means the inability of various sports institutions to offer products and provide services as a result of the crisis and precautionary measures.

The analysis is based on the following set of basic assumptions:

1- The degree of impact varies according to the nature of the activity in terms of being a sports activity, sports retail, or other activities related to sports.

2- The Egyptian sports sector is affected by global and regional changes related to sports activity, as a result of the association of different clubs and federations with international and regional tournaments and leagues such as the Olympics, the African Champions League and others.

3- The degree of vulnerability varies according to the nature of the entity (governmental, private, and investment), as well as the nature of the activity or the specific role of each.

4- Basic revenues differ for each of the three entities, as shown in Table 11.1.

5- In estimating the rates of impact of the sports sector in Egypt, the analysis relies on relative estimates linked to the global sporting activity, as well as the estimates of some experts and academics,[23] as a result of lack of clear data reflecting the extent of the sector's impact during the past five months.[24]

The following table shows the extent to which the sports sector has been affected during the crisis cycle, by analyzing what has already been achieved on the ground, attempting a descriptive analysis of the current situation, and presenting possible future scenarios in light of the aforementioned assumptions:

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[23] Estimates of the degree and nature of each party's vulnerability are based on the study published on the Internet on the economics of Egyptian sports.

[24] Some of the clubs' analyses are also attributed to opinion polls conducted by the Egyptian Center for Economic Studies with heads of some major clubs inside Egypt.

Table 11.5. The different stages of the crisis cycle and their impact on the sports sector

Stage	Demand and/or supply shock	Analysis	Impact
1. Emergence of the virus (December 2019-January 2020)	Very limited supply shock	This is a result of the emergence of the virus during this period in China only, and Egypt has not been affected yet except regarding some sports products and tools imported from China. However, the teams or the sporting activities themselves were not affected.	There is no impact given that supply and demand are largely unchanged.
2. Beginning of the virus spreading (February – mid-March 2020)	Very limited shock in demand and supply.	Limited shock to demand and supply emerged as a result of: 1- Many countries and federations tending to postpone some world	A slight decline in club revenue, as well as sports retail sales.

		championships and tournaments, which reflected on the athletes' preparation for these tournaments. 2- This period was associated with the beginning of some citizens concern about the virus in Egypt, and this translated into some families' stopping going to clubs and some athletes suspending training and preparing for tournaments. 3- A state of “wait and see” among many employees as well as investors who had investment plans in the field due to lack of clarity of vision.	

3. Exacerbation of the problem (mid-March - early July 2020)	This period witnessed a major shock in demand and a severe shock in supply with the development of events.	• This period represented the beginning of the crisis for the entire Egyptian sports sector as a result of precautionary measures and subsequent suspension of sports activity and cancellation or postponement of most international and regional tournaments. • It also witnessed a decline in advertisements and rents, as well as in incomes of workers in sports facilities, especially since most of these workers depend on (tips) as their main source of income.	This vulnerability appeared in each of the following: **<u>First, government agencies</u>** Various activities and programs have been suspended, such as the Zayed Marathon, the festival of bicycles, camel racing, Together against Smoking, the Youth Football Centers League and others. **<u>Second, civil bodies, Sports clubs and youth centers</u>** 1- Revenues decreased by 100% during that period compared to the months before it, as a result of the complete lockdown of all clubs and centers. 2- Many clubs resorted to reducing the sports budget in clubs by up to 30% to reduce expenses. 3- Additional financial burdens as a result of the Corona virus prevention measures inside clubs, as the Ministry of Youth and Sports allocated EGP 25 million to confront the effects and repercussions of Corona. 4- Decline in the revenue from exhibitions, concerts, and rents inside clubs or outside the perimeter of clubs, as well as entry tickets and others.

			5- Decline in the revenue of the various games' schools. 6- Decline in the return on participation in regional tournaments, especially for major clubs (Al-Ahly, Zamalek and Pyramids) 7- Decline in revenue of the clubs' sports channels 8- Decline in revenue from advertisements and sponsors, as the rights of Al-Ahly and Zamalek amounted to about EGP 520 and EGP 400 million, respectively, for four years from 2018 to 2022 **9-** Decline in the return on marketing of club websites due to the lack of sporting events in sports sites **<u>Third, sports services companies:</u>** **Direct sports services companies** 1- Decline in the revenue of private clubs from participation in tournaments (such as Pyramids Football Club) 2- The income for workers in sports services companies decreases as a result of the suspension of activity, and operation by half the force etc.

			3- Decline in the revenue of private clubs such as revenue from establishments (stadiums - restaurants - shops and others) 4- Decline in the marketing value of players as a result of the clubs' inability to pay large sums of money to the players, as well as decline in movement of players between clubs **Indirect services companies** 1- Financial losses for companies operating in the production and import of sports products and tools 2- Financial burdens as a result of suspension of activity, such as workers' salaries, contracts and others 3- Decline in revenue of marketing companies that own the rights to market championships as a result of cancellation or postponement.
4. The crisis recedes (1st July - end of September 2020)	Demand and supply crises diminish gradually	**Regarding supply:** This period witnessed end of precautionary measures and lockdown of clubs, centers	The halt of direct losses for those working in the sector, whether athletes or workers. A gradual return of direct and indirect activities related to sports, whether advertisements,

		and all sports facilities, allowing clubs to receive limited percentages of members and annual subscriptions. However, these facilities were not able to return to pre-Corona rates **Regarding demand:** It witnessed a limited decline due to fear of many about the continuation of the disease, and many families withheld going to clubs	broadcast rights, sports media or others.
5. Recovery (early October to June 2021)	Supply and demand shocks are related to the pace of recovery	This period relates to three scenarios regarding evolution of the virus, as follows: **1. Optimistic scenario** Continuation of recovery until the crisis ends	**1. Optimistic scenario** Significant improvement in demand rates, the return of activity to pre-crisis levels, and availing an opportunity to the state to properly prepare for the World Handball Championship to be held beginning of next year. However, the sector's growth rates are still declining due to

		completely in mid-October or early November, and thus return of normal activity. **2. Medium scenario** Continuation of the virus until the end of the year and the continuation of some precautionary measures. Thus, the situation stays as in the previous stage characterized by availability of supply and decline in demand with the rates not returning to their normal state. **3. Pessimistic scenario** Emergence of a second wave of the virus, the return of complete	fundamental problems with the sector in the past 10 years, as mentioned. **2. Medium scenario** Situation remains as it was during the months of August and September, that is, return of activity and tournaments, but with continuing decline in demand in terms of the attendance of fans in matches or decline in the rates of going to clubs and centers and subscriptions in different academies and sports schools, followed by a decline in the number of players and teams by rates exceeding 15% as witnessed in previous crises **3. Pessimistic scenario** Levels of supply and demand decline to what they were during the third phase, and return of lockdowns, which is followed by a decline in athletes and teams by rates of up to 25%. The revenue of clubs and centers also decrease by 30%. The country's inability to prepare for the World Handball Championship, which threatens

		lockdown, and cessation of sports activity such as in the third stage.	its holding, and thus the state's loss of much expected revenues and investments.

We conclude from the previous analysis that the sports sector has witnessed an unparalleled crisis in terms of declining revenue and income, whether at the level of establishments or individuals. Nearly 140,000 employees working directly in the sector have been negatively affected by the Corona crisis. That number reaches approximately 4 million workers, if we take into account the indirect sectors and the multiplier effects. This crisis also showed the fundamental problems with the sector since 2011, which had a severe impact in exacerbating the current crisis and led to the inability of institutions to return to the normal rates.

Third: Required interventions to mitigate the effects of the crisis

1- Reconsidering the clubs' regulations and reviewing their bylaws, especially those that prevent them from borrowing
2- Providing facilities and soft loans to sports facilities during that period in an attempt to raise their capacity and efficiency in facing the crisis and return to pre-Corona rates
3- Providing the necessary support to the village youth centers and their workers, making rapid assessment of their current situation, and allocation of funds to raise their efficiency and improve their status.
4- Paying attention to any international tournaments during the coming period and preparing for the World Handball Cup held in Egypt in the beginning of 2021, while taking precautions and strong measures to ensure the success of the tournament and developing different scenarios for its holding based on the evolution of the virus and the crisis.
5- Use of modern technological means for platforms, means of measuring performance and others in creating serious competitions between youth and the different age groups in all governorates

6- Reconsidering the rules governing professional federations such as basketball and handball, not setting a minimum limit for professional players in clubs, and reviewing the contracts of these players

7- Reconsidering the contracts of highly paid soccer players and trying to adjust those contracts in line with the current situation of the crisis.

Fourth: Institutional weaknesses revealed by the crisis

Despite the legislative and executive efforts and contributions, the entertainment side of the sector remains higher than the economic side, which causes a misplacement of many opportunities and investments that could have otherwise contributed to raising the rates of Egyptian economic growth through:

1- Reconsidering sport in general, its definition and fields, as well as paying attention to all games and those who practice them, not just football.

2- The need for a detailed database of players, and the provision of information and data necessary to invest in the sector, 3- Encouraging financial institutions and individuals to finance future talents

4- Establishing a mechanism for spreading healthy competitions in sports, especially for informal teams, and providing them with appropriate financial returns.

5- Increasing youth centers to achieve more geographical justice, achieve proportionality between them and the population, and adopt non-traditional ideas regarding youth centers designated for women.[25]

6- Continuous and effective coordination of the Ministry of Youth and Sports with the Ministries of Education, Higher Education, Culture and Tourism and the ministries concerned with the sports sector.

7- Properly enforcing the laws regulating the sports sector to achieve maximum benefit from its investments, as well as prevent monopolistic practices.

[25] One of those ideas is the integrated project for youth centers for girls in the Imbaba region, which Ahmed Eid, a member of the Fifty Committee for Drafting the constitution, is working on.

8- Benefiting from sporting events in promoting Egyptian tourism and painting a positive image of the Egyptian state

9- Integrating the informal sector into the formal system of sports at nominal costs, with the aim of encouraging them on the one hand, and achieving adequate health conditions for sports practitioners on the other.