

# NATIONAL SPORTS GOVERNANCE OBSERVER

Final report

November 2018



Arnout Geeraert (ed.)



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## A foreword and summary from Play the Game

With constantly accelerating speed, the issue of good governance has climbed to the top of the sports political agenda over the past few years. Not only have specific case stories and police actions against international sports federations drawn worldwide public and political attention, there is also a growing awareness that the failures of international sports governance are long-lasting and systemic.

This realisation comes at a time when the European and international sports sectors are subject to great changes and challenges. At the grassroots level, local, regional and national sports organisations all over Europe are increasingly expected to deliver on larger societal objectives such as promoting sports participation, physical activity and health, social inclusion and gender equality in return for public support. Good governance in national sports organisations is key to enabling the organisations to deliver on sport for all, elite sport as well as larger societal objectives.

And how is European sport equipped to tackle all these challenges? Are the governance standards adequate for bringing the traditional sports federation model well into the future?

This report does not pretend to give a final answer, but it does raise a lot of political perspectives and specific information needed by those who wish to set the course for sport in the years to come. Over the following almost 265 pages you will find the outcomes of the research carried out under the 'National Sports Governance Observer: Benchmarking sports governance across national boundaries' project (NSGO).

The main aim of the project was to assist and inspire national sports federations to enhance the quality of their governance by measuring governance and building capacity. It received a 383,000 euro grant from the Erasmus+ programme of the European Union and further support from the Danish Parliament and the Council of Europe.

The researchers first developed the National Sports Governance Observer tool and then applied it to eight or more sports federations in the countries of the eight official and two associated external research partners. The countries are Cyprus, Denmark, Belgium (Flanders), Germany, the Netherlands, Norway, Poland, and Romania for the official partners, and Brazil and Montenegro for the associated external partners.

The report also lays out the methodology underpinning the NSGO indicators. The NSGO indicators, meta-data sheets, and implementation instructions are presented in a separate, supplementing report, which can be downloaded from the official project website:

[www.nationalsportsgovernanceobserver.org](http://www.nationalsportsgovernanceobserver.org).

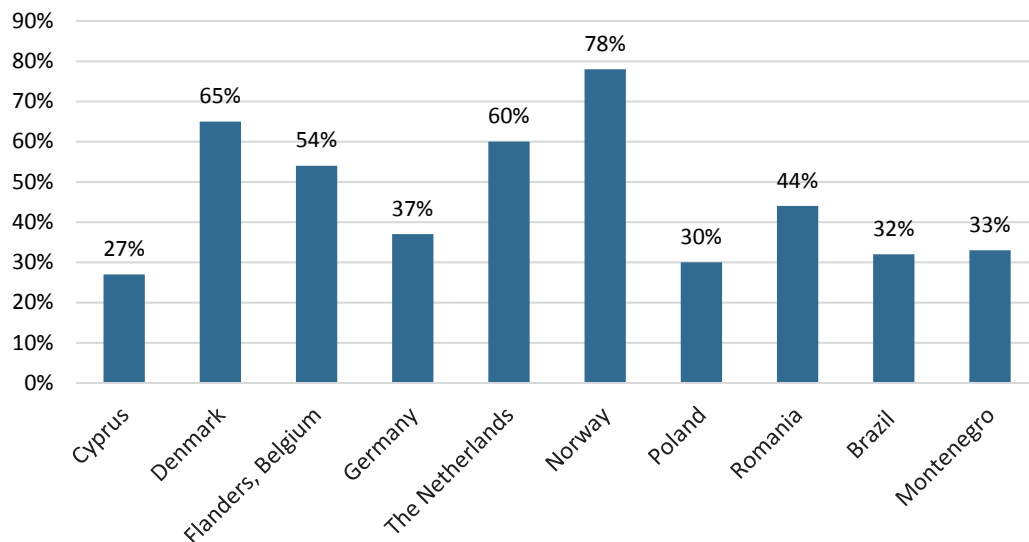
### New insights into sports governance

If there is one thing the findings demonstrate above all, it is that the degree of good governance in sports federations varies considerably depending on the home country (see figure).

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<sup>1</sup> International director, Play the Game

**Figure: Overall NSGO index scores – all countries**



Sports federations in Norway, Denmark, and the Netherlands mostly achieve good to very good scores. Flemish federations generally achieve average to good scores. The federations in the other countries achieve mostly average to (very) weak scores.

Achieving a low score does not automatically render a federation ineffective, illegitimate, or unethical. However, the weaker the score, the less likely that federation is to be effective, legitimate and ethical.

In the following chapters, you will both find a clear and holistic overview over the general findings across all countries, as well as chapters on each participating nation.

The country chapters demonstrate that once you have established the facts about the actual standards of governance in each federation, you have taken a valuable first step for improving federations' governance. Each chapter lists a number of specific policy recommendations for enhancing good governance.

### **Positive developments and challenges**

In spite of the great variety between the countries, there are also some overall trends that draw special attention and may inspire policy makers all over the world.

On the positive side, Play the Game has noted a remarkable shift in the political atmosphere surrounding the issue of sports governance. Only a few years ago, sports leaders would often be reluctant to discuss reform and not find governance issues worthwhile to consider in their daily work.

In contrast, at the national seminars on governance that were arranged throughout 2018 as part of this project, federation officials showed an encouraging positive engagement, eager to identify their own strengths and weaknesses and find ways to develop their organisations.

Also, a majority of our project partners have been able to establish a cooperation with either the government, the national sports organisations, or both, in defining concrete measures for the future.

Such continued engagement and joint efforts will indeed be required, because the research also points to a number of shortcomings in the governance of the federations:

Among the many challenges that deserve to be highlighted, are:

- Even if transparency is the area where the federations perform best with a 65% average score, there is lot of room for improvement. Less than a third publish information on the remuneration of board members and top executives. And a very big minority (43%) does not publish an annual financial report on their website.
- Conflicts of interests are largely neglected: Only 11% of the surveyed federations publish an (anonymised) overview on the declarations of conflicts of interest and the decisions in which conflicts of interest were involved. No more than 24% of the federations have conflict of interest rules that ensure that particular conflicts must be submitted to the general assembly. And only 27% of the federations have formal procedures ensuring that conflicts of interest are listed and recorded in a registry.
- Elections are generally held in accordance with well-defined procedures, but very few have policies to achieve a differentiated composition of the board (24%), term limits (31%), the involvement of athletes in policy processes (30%), and a gender equality policy (23%).
- Whistleblowers enjoy very little protection even if in recent years they have been key to exposing scandals at the national and international level. Only 17% of the federations formally ensure that no person who reports a concern shall be subject to negative consequences.
- Less than half of the federations have formulated objectives and actions aimed at mitigating the health risks of sporting activities. And just 15% have conducted an analysis of the specific health risks associated with their sport.

The NSGO tool divides good governance into four essential dimensions: Transparency, democracy, accountability, and societal responsibility.

The latter is an area a large majority of the federations struggle with.

Most have their anti-doping policies in place (64%), whereas they perform badly with regard to environmental sustainability (19%), athletes' rights (29%), gender equality (24%), anti-match-fixing (34%), and dual career (34%) policies.

Play the Game finds it particularly worrying that match-fixing seems to be ignored in most federations, except in football. It would be a fatal mistake if other sports feel that manipulation of results is exclusively a problem for football. It can take place in any sport, and if a sport does not take measures to protect itself, it is an open invitation to organised crime and corrupt officials.

It is also noteworthy that the global debate on climate change seems to have very little effect on the environmental efforts of sports organisations. Let aside the potential impact on human living conditions in many parts of the world, climate change can have very practical implications for a number of sports in a great number of countries.



The report offers plenty of other angles to discuss and develop in the governance of sport.

### **Broad support**

Play the Game is thankful to the Erasmus+ programme, the Danish Parliament, and the Council of Europe for their co-financing of this project. We would also like to thank the many federation leaders who have committed time and expert knowledge to helping our researchers understand their governance practices right.

Last, but not least, we are most grateful to all our partners for their energetic, constructive and inspiring cooperation:

- Danish Institute for Sports Studies/Play the Game
- German Sport University Cologne
- KU Leuven
- Molde University College (MUC)
- University of Bucharest
- University of Warsaw
- Utrecht University
- Cyprus Sports Organisation (CSO)
- Danish Football Association (DBU)
- Enlarged Partial Agreement on Sport (EPAS), Council of Europe
- European Association for Sport Management (EASM)
- Flemish Sports Confederation (VSF)
- International Council of Sport Science and Physical Education (ICSSPE)
- Norwegian Football Association (NFF)
- Polish Golf Union (PGU)
- Romanian Football Federation (FRF)
- Sou do Esporte (Brazil)
- Marko Begovic (private researcher; Montenegro)
- University of Central Lancashire (Cyprus).

Although the EU support expires by the end of the year, Play the Game is determined to continue and expand the use of the National Sports Governance Observer tool. This report aims to be the stepping stone towards the inclusion of a broader group of countries in the NSGO research. Play the Game, the coordinator of the NSGO project, is currently in the process of including Australia, Canada, Colombia, Georgia, Lithuania, Peru, and the USA and invites interested parties from other countries to join the project as official partners. Terms and conditions are available on the project website.

Governance research does not give us the full picture of the reality of sports organisations. The impact of rules and regulations depends at the end of the day on the human beings that administer them. But without good rules and regulations, the risks of sport being abused is much higher, as we have seen too often in the past years.

We hope and believe that the National Sports Governance Observer project will be a help in the efforts to reduce federations' risks and increase their chances of success.

Play the Game

# INTRODUCING THE NATIONAL SPORTS GOVERNANCE OBSERVER

## **Introduction**

In the past few years, increased attention for good governance in international sport appears to have trickled down to the national realm. Further galvanised by spill-overs from corporate, cultural and social sectors, a number of countries, including the United Kingdom, Belgium (Flanders), Australia, the Netherlands, Cyprus, and Poland, have adopted or are in the process of adopting specific policies aimed at increasing good governance in national sports federations. Governments, sports organisations and scholars have issued codes and indicators of good governance that aim to inspire and guide the implementation of specific elements of good governance (ASOIF, 2016; Chappelet & Mrkonjic, 2013; Geeraert, 2015; Geeraert & Drieskens, 2016; Sport for good governance, 2014). As a result, good governance has become an omnipresent notion in the world of sport. Indeed, very few sports federations would today deny its importance and relevance.

Despite its growing national recognition, the reality is that good governance is still difficult to define, measure, and implement. This matter is exacerbated by the fact that sports federations require a tailored application of what can be called good governance's nebulous parameters. Consequently, there is often a gap between discourse and practice as well as between expectations and reality. On one hand, sports federations that genuinely believe they implement good governance may still demonstrate important deficits (Geeraert & Drieskens, 2016). Sports federations thus need to understand what governance principles must be implemented as well as how and why. On the other hand, federations' governance reforms may serve as mere public relations ploys that, in reality, privilege business as usual policies (Haufler, 2001; Pieth, 2014). Public actors, stakeholders, and researchers therefore need reliable and valid tools to monitor the implementation of good governance so that they can effectively flag weaknesses.

The 'National Sports Governance Observer: Benchmarking sports governance across national boundaries' project (hereinafter 'NSGO project') aims to address these issues. The project received a 383,000 euro grant from the Erasmus+ programme of the European Union and further support from the Danish Parliament. The main aim of the project was to assist and inspire national sports federations to enhance the quality of their governance by measuring governance and building capacity. This was done in two main ways. First, the project produced the National Sports Governance Observer (NSGO), a benchmarking tool for good governance in national sports federations, which comprises 274 indicators. The NSGO was applied to assess good governance in eight federations or more in the eight partner countries, plus Montenegro and Brazil. Second, the eight partnering universities and research institutions built sustainable networks with key stakeholders in their national sport systems and organised training seminars for national sports federations. Governance panels were also organised at the 2017 Play the Game conference in Eindhoven, the

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<sup>2</sup> Research fellow, KU Leuven; assistant professor, Utrecht University

Netherlands, and 50 relevant stakeholders from EU and other eligible countries were invited to join the conference with support from the Erasmus+ grant.

This report presents the findings resulting from the application of the NSGO indicators by the research partners to the chosen sports federations in their respective countries. The countries are Cyprus, Denmark, Belgium (Flanders), Germany, the Netherlands, Norway, Poland, and Romania for the official partners, and Brazil and Montenegro for the associate external partners. The report also lays out the methodology underpinning the NSGO indicators. The NSGO indicators, meta-data sheets, and implementation instructions are presented in a separate report, which can be downloaded from the official project website [www.nationalsportsgovernanceobserver.org](http://www.nationalsportsgovernanceobserver.org) (Geeraert, 2018). Play the Game, the coordinator of the NSGO project, invites all interested parties to join the project as official partners. Terms and conditions are available on the project website.

This introductory chapter continues as follows. The next section provides a detailed overview of the project partners and objectives. The third section explains how the NSGO indicators are constructed, and how the scores are aggregated and presented. Specific attention is paid to justifying specific methodological choices. The final section draws on these choices to summarise the specific opportunities of the NSGO for both academic and practical research, in turn providing the foundations for the subsequent country chapters.

## Project background

The NSGO project received a 383,000 euro grant from the Erasmus+ programme of the European Union. Play the Game/Danish Institute for Sports Studies (Idan) acted as the coordinator of the project, which brought together academics and sports leaders from Belgium, Cyprus, Denmark, Germany, the Netherlands, Norway, Poland, and Romania.

The *full project partners* conducted the academic research and produced national reports in their respective countries.

- Danish Institute for Sports Studies/Play the Game
- German Sport University Cologne
- KU Leuven
- Molde University College (MUC)
- University of Bucharest
- University of Warsaw
- Utrecht University

The *associate partners* gave advice and assisted with the development and implementation of the indicators. They also disseminated the research findings.

- Cyprus Sports Organisation (CSO)
- Danish Football Association (DBU)
- Enlarged Partial Agreement on Sport (EPAS), Council of Europe
- European Association for Sport Management (EASM)
- Flemish Sports Confederation (VSF)
- International Council of Sport Science and Physical Education (ICSSPE)
- Norwegian Football Association (NFF)
- Polish Golf Union (PGU)
- Romanian Football Federation (FRF)

In addition, thanks to earmarked subsidies from the Danish Parliament to support the work of Play the Game in the field of good governance, the following partners voluntarily joined the project and engaged with the research process.

- Sou do Esporte (Brazil)
- Marko Begovic (private researcher; Montenegro. Supported by the Council of Europe)
- University of Central Lancashire and Molde University College (MUC), in collaboration with the Cyprus Sports Organisation (Cyprus)

The main aim of the NSGO project is to assist and inspire national sports federations to enhance the quality of their governance. More specifically, the project sets out to:

- enable sports leaders and stakeholders to measure, discuss and amend the governance standards and practices of sports organisations by adopting and applying the NSGO indicators in national sports federations
- establish sustainable networks between academics, practitioners, and other key stakeholders with a common interest in good governance in sport at a national as well as at an international level by means of national training workshops and the Play the Game conference
- educate and train sports leaders, researchers, and government representatives to understand, introduce, evaluate, and sustain good governance standards and practices in their respective organisations
- provide government officials with the knowledge and tools to engage in a dialogue with the sports movement with a view to inspiring better governance in sport and creating a robust framework for the allocation of public grants
- produce, provide, and disseminate national as well as comparative international data based on the NSGO indicators
- prompt public debates on sports governance in order to raise awareness of the topics and challenges related to good governance.

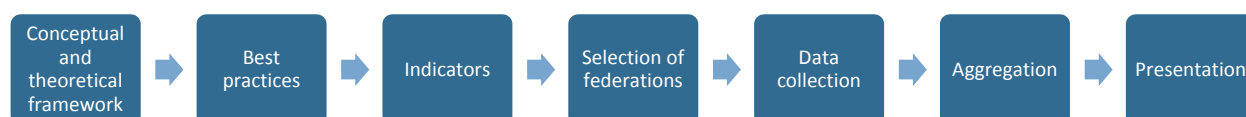
## Methodology

Before digging into the NSGO methodology, it is necessary to discuss the limits and opportunities of measuring good governance. ‘Governance’ is an extremely broad and abstract notion for which no single definition exists. Scholars often advance multiple and different dimensions when conceptualising the notion.

Most of these dimensions comprise concepts like transparency, democracy, and accountability, which are inherently unmeasurable (Kaufmann & Kraay, 2008). Consequently, scholarly approaches to governance measurement can be grouped into two categories. One school considers the use of (composite) indicators inherently flawed because it is impossible to capture abstract and complex concepts like ‘governance’ and its sub-dimensions in any meaningful sense (Sharpe, 2004). A second school, however, acknowledges that governance indicators are “imperfect proxies for the concepts they are intended to measure”, but that “measuring governance is both feasible and informative” (Kaufmann & Kraay 2008, p. 8). It stresses that measuring governance may facilitate advocacy, support decision-making, and increase accountability (Espeland & Sauder, 2007; Marlier & Atkinson, 2010; Saisana & Tarantola, 2002; Saltelli, 2007). Because of governance indicators’ potential to ‘galvanise action’, they can even be seen as an essential step to achieving good governance (Marlier & Atkinson, 2010, p. 286).

Despite these opportunities, it is important to stress that governance indicators are not useful *per se*. In fact, they may be misleading if misused, if poorly constructed, or misinterpreted, and they may disguise serious governance failures, if certain aspects are not (properly) quantified (Nardo et al., 2005; Saisana & Tarantola, 2002). To avoid these pitfalls, scholars emphasise the importance of the validity, reliability, legitimacy, and functionality of governance indicators (Kaufmann et al., 2011; Nardo et al., 2005; De Peuter, De Smedt, Van Dooren & Bouckaert, 2007). This section outlines how the methodological choices that were made in the six steps underpinning the construction of the NSGO benchmarking instrument pay particular attention to these four principles (see figure 1). These steps build on the guidelines for constructing (composite) indicators as advanced by Nardo et al. (2005). Though a single method for constructing governance indicators does not exist, these guidelines have been tried and tested and widely adopted (Gómez-Limón & Sanchez-Fernandez, 2010).

**Figure 1: The methodology underpinning the NSGO benchmarking instrument**



### Theoretical and conceptual framework

Governance indicators should be based on a sound theoretical and conceptual framework (Nardo et al., 2005). This increases the likelihood of ‘construct validity’, a term coined by

the seminal work of Cook and Campbell (1979) that is concerned with whether one measures what one intends to measure. According to Nardo et al. (2005) “the framework should clearly define the phenomenon to be measured and its sub-components” (p. 22). While no single definition of ‘governance’ exists, governance research focuses either on policies, politics (i.e. power relations), or polity (i.e. institutional rules and procedures). Good governance falls into the latter category, as it is fundamentally concerned with *prescribing* bureaucratic practices, rules, and procedures. However, practices, rules, and procedures that are regarded as ‘good governance’ are often deemed appropriate simply because they are widely implemented or because they are expected by other actors within an organisation’s environment (DiMaggio & Powel, 1984). In other words, they are considered legitimate not necessarily because they lead to the desired outcome, but because they are advanced and supported by other actors.

To avoid devising governance indicators that are based on elements of good governance that do not have a positive impact on the organisations that implement them, this project advances a theoretical framework that regards good governance as the ‘independent variable’. In other words, good governance is regarded as a means to an end. More specifically, we consider bureaucratic practices, rules and procedures as ‘good governance’ when they have a positive impact in terms of legitimacy, effectiveness and resistance to unethical practices. To select adequate elements of good governance, we break the notion of ‘good governance’ down into four sub-dimensions, namely transparency, democratic processes, internal accountability, and societal responsibility. These dimensions are mutually reinforcing and, to a large extent, mutually constitutive. Nonetheless, they are analytically distinct and can be defined in accordance with the relevant theoretical literature.

- **Transparency** refers to the reporting of the organisation’s own internal workings, which allows others to monitor these workings (Meijer, 2014, p. 511).
- **Democratic processes** entail free, fair and competitive elections; actors’ involvement in decision-making processes that affect them; and fair and open internal debates (Bexell, Tallberg, & Uhlin, 2010).
- **Internal accountability and control** refers to both the separation of powers in the organisation’s governance structure and a system of rules and procedures that ensures that staff and officials comply with internal rules and norms (Parsons Miller, forthcoming).
- **Societal responsibility** refers to deliberately employing organisational potential and impact to have a positive effect on internal and external stakeholders and society at large.

The theoretical assumptions advanced by relevant literature lead to the expectation that implementing these dimensions of good governance maximises legitimacy and effectiveness and minimises unethical practices, at least in an abstract setting. An in-depth exploration of these assumptions, the causal mechanisms, and the resulting hypotheses falls beyond the scope of this report. The following summarises the main impact of implementing the four dimensions of good governance.



- Implementing the **four dimensions** contributes to perceptions of fairness and legitimacy.
- **Transparency** enhances trust and incentivises staff and officials to perform better.
- **Democratic processes** allow for more effective policies because stakeholders contribute specialised knowledge to the decision-making process. Stakeholders are also more likely to accept policies when they feel a degree of ownership over those policies. In addition, open debate generates more effective solutions to policy problems, and free, fair and competitive elections incentivise officials to perform better and lead to new ideas for solving problems.
- **Internal accountability and control** stimulates learning and decreases the likelihood of power imbalances, abuses of power and unethical conduct.
- Demonstrating **societal responsibility** has a positive impact on legitimacy because it enhances external audiences' trust. A positive relationship with internal and external stakeholders also contributes to more effective policies.

## Best practices

The four dimensions of good governance are abstract concepts that are inherently unobservable. In order to measure these concepts, they need to be replaced with 'intermediate objectives' (Nardo et al. 2005, p. 5). To identify these objectives, the literature recommends building on existing governance indicators and best practice recommendations (Aguilera & Cuervo-Cazurra, 2004; Nardo et al., 2005; De Peuter et al., 2007). Accordingly, an extensive review of more than 40 sets of good governance principles and recommendations was carried out. The review included documents issued by national governments, international organisations, and sports organisations that focus on national and international sports federations, the non-profit, corporate and cultural sectors. On the basis of this review, 46 general practices, rules and procedures that fit the definitions of the four dimensions of good governance were selected (see table 1).

**Table 1: The 46 NSGO principles of good governance**

**Dimension 1: Transparency**

**[Principle 1]**

The organisation publishes its statutes/ constitution, internal regulations, organisation chart, sports rules and multi-annual policy plan on its website.

**[Principle 2]**

The organisation publishes the agenda and minutes of its general assembly meeting on its website.

**[Principle 3]**

The organisation publishes board decisions on its website.

**[Principle 4]**

The organisation publishes information about its board members on its website.

**[Principle 5]**

The organisation publishes information about its members (athletes and clubs) on its website.

**[Principle 6]**

The organisation publishes an annual report, including financial statements, on its website.

**[Principle 7]**

The organisation publishes regulations and reports on the remuneration, including compensation and bonuses, of its board members and management on its website.

**Dimension 2: Democratic processes**

**[Principle 8]**

Board members are democratically (re-)appointed according to clear procedures.

**[Principle 9]**

The organisation takes steps to achieve a differentiated and balanced composition of its board.

**[Principle 10]**

The organisation has a nomination committee.

**[Principle 11]**

The organisation establishes a quorum (a minimum number of attendees required to conduct business and to cast votes) in its statutes or internal regulations for the board and the general assembly.

**[Principle 12]**

The organisation has established term limits as well as a retirement schedule.

**[Principle 13]**

The general assembly represents all affiliated members and meets at least once a year.

**[Principle 14]**

The board meets regularly.

**[Principle 15]**

The organisation ensures the participation of athletes in its policy processes.

**[Principle 16]**

The organisation ensures the participation of referees in its policy processes.

**[Principle 17]**

The organisation ensures the participation of coaches in its policy processes.

**[Principle 18]**

The organisation ensures the participation of volunteers in its policy processes.

**[Principle 19]**

The organisation ensures the participation of employees its policy processes.

**[Principle 20]**

The organisation implements a gender equality policy.

**Dimension 3: Internal accountability and control****[Principle 21]**

The general assembly supervises the board appropriately.

**[Principle 22]**

The board establishes procedures regarding the premature resignation of board members.

**[Principle 23]**

The organisation defines in its statutes those circumstances in which, due to a serious conflict of interest, a person is ineligible to serve as a member of the board.

**[Principle 24]**

The organisation applies a clear governance structure according to the principle of separation of powers.

**[Principle 25]**

The board supervises management appropriately.

**[Principle 26]**

The organisation has an internal financial or audit committee.

**[Principle 27]**

The organisation implements a financial control system.

**[Principle 28]**

The board annually evaluates its own composition and performance.

**[Principle 29]**

The organisation's finances are externally audited by an independent auditor.

**[Principle 30]**

The organisation has or recognises a code of conduct applicable to the members of the board, management and personnel.

**[Principle 31]**

The board establishes clear conflicts of interest procedures that apply to the members of the board.

**[Principle 32]**

The board establishes procedures for the processing of complaints in the internal regulations.

**[Principle 33]**

The organisation's decisions can be contested through internal or external mechanisms.

**[Principle 34]**

The board adopts an annual meeting schedule.

**Dimension 4: Societal responsibility**

**[Principle 35]**

The organisation offers consulting to its member organisations in the areas of management or governance.

**[Principle 36]**

The organisation implements a policy aimed at mitigating health risks of sporting activities.

**[Principle 37]**

The organisation implements a policy on combating sexual harassment in sport.

**[Principle 38]**

The organisation implements an anti-doping policy.

**[Principle 39]**

The organisation implements a policy on social inclusion through sport.

**[Principle 40]**

The organisation implements a policy combating discrimination in sport.

**[Principle 41]**

The organisation implements a policy to promote gender equality in sport.

**[Principle 42]**

The organisation implements a policy to combat match-fixing.

**[Principle 43]**

The organisation implements a policy for the promotion of environmental sustainability.

**[Principle 44]**

The organisation implements a policy on promoting the dual career of athletes.

**[Principle 45]**

The organisation implements a policy on promoting sport for all.

**[Principle 46]**

The organisation ensures the fair treatment of professional athletes.

## Indicators

To evaluate to what extent the 46 principles of good governance are implemented, it is necessary to construct indicators. An indicator is “a named collection of rank-ordered data that purports to represent the past or projected performance of different units” (Davis, Kingsbury and Merry, 2011, p. 5). In other words, indicators allow for benchmarking and evaluation by simplifying and quantifying raw data. In recent years, different sets of indicators have been issued to evaluate the governance of sports federations (ASOIF, 2016; Chappelet & Mrkonjic, 2013; Geeraert, 2015; Geeraert & Drieskens, 2016; Sport for good governance, 2014). In general, these indicators build on ordinal variables using a Likert-type scale: pre-established criteria are used to assign a score ranging from 1 to 5 (or 0 to 4).

This system, which was also used in the 2015 Sports Governance Observer, allows for capturing nuances. The problem with this type of variable, however, is that it usually leaves a substantial margin for interpretation (Geeraert & Drieskens, 2016). Consequently,

ordinal governance indicators are not reliable, as they are not expected to produce the same results when they are applied across different case settings (Carmines & Zeller, 1979). It is due to the fact that it is very difficult to determine *a priori* criteria that capture all possible classifications of an element of governance. The Association of Summer Olympic International Federations (ASOIF), for instance, notes that the ordinal indicators used for the self-evaluation of its member international federations “lacked clarity in places” (ASOIF, 2017, p. 7) and thus, “in many cases there was room for debate” (Ibid., p. 8).

The NSGO governance indicators are applied by different researchers to measure good governance in federations in different countries. For the sake of comparability, it is essential that the indicators are sufficiently reliable so that the federations’ scores do not depend on the individual researchers’ personal judgement. The NSGO therefore relies on dichotomous variables, which have only two categories: ‘yes’ and ‘no’. Compared to ordinal variables, dichotomous variables permit a more reliable measurement of good governance through the formulation of a strict standard with clearly defined minimum criteria. Put simply, a federation either meets the minimum criteria (‘yes’ category) or not (‘no’ category). The variables are then quantified by giving the ‘yes’ category a value of 1 and the ‘no’ category a value of 0.

When selecting indicators and criteria, one should of course pay attention to their relevance and validity (Nardo et al., 2005). Regarding relevance, the aim of (governance) indicators should always be “to reach an acceptable standard of comparability” (Marlier & Atkinson, 2010, p. 288). In other words, governance indicators constructed with the purpose of comparing a group of federations must be sufficiently generic and basic in order to allow for meaningful comparison (Kaufmann, Kraay & Matuzzi, 2011). Regarding validity, a particular concern when devising (governance) indicators is “the inescapable subjectivity involved in their construction” (Cherchye et al., 2006, p. 111). According to Nardo et al. (2005, p. 23), “while the choice of indicators must be guided by the theoretical framework [...], the data selection process can be quite subjective as there may be no single definitive set of indicators”. It is therefore paramount to be transparent about this process (Gómez-Limón & Sanchez-Fernandez, 2010, p. 1063; Marlier & Atkinson, 2010, p. 289; Nardo et al. 2005, p. 22). As noted above, the NSGO indicators are based on a clear theoretical framework. Their validity was further enhanced in three ways.

First, in line with recommendations from the relevant literature, expert advice and feedback was sought and incorporated (Nardo et al., 2005; De Peuter et al., 2007). On one hand, insights gathered from focus group discussions with 25 representatives of Flemish sports federations contributed to the indicators’ relevance and soundness (Geeraert & Drieskens, 2016). On the other hand, the NSGO principles, indicators, and criteria were discussed extensively during a research committee meeting held on 30-31 May 2017 at the German Sport University Cologne, where the NSGO project partners had the opportunity to comment on a draft set of indicators.

Second, the NSGO indicators are both rules-based and outcome-based (Kaufmann & Kraay 2008). Though rules-based indicators are more straightforward to quantify, outcome

indicators are able to capture bureaucratic practices that are not formalised. A mix of rules-based and outcome-based indicators thus matches the definitions of the four governance dimensions better (Nardo et al., 2005).

Finally, the NSGO research partners were encouraged to ask questions and signal problems during the benchmarking of their designated federations. The indicators and criteria were refined on the basis of this feedback and all the research partners were subsequently instructed to take these revisions into account in their final measurement. This process ensured that the minimum criteria apply to a broad range of different circumstances in a clear and unambiguous manner.

This process resulted in 274 dichotomous indicators of good governance that evaluate the implementation of 46 broad principles of good governance, dispersed over the four dimensions. The NSGO principles and indicators are published in a separate report, available at the project's website (Geeraert, 2018). To enhance the practicality and usability of the indicators, meta-data sheets were developed which explicitly detail the scoring criteria, possible data sources and the relevance and importance of the principles.

## Selection of federations

Given the large number of indicators, the limited project resources, and the time frame, the NSGO research partners each focused on benchmarking a limited number of eight federations. The aim here was not to use a statistically representative sample size. Rather, the research intended to show general trends with regard to good governance, compare specific sports and focus on cases of special interest.

As such, the strategy to select a sample of eight organisations out of the entire population of sports federations was two-fold. On one hand, the majority of the selected federations needed to be the same in the different partner countries. This approach carries the benefit that it allows for cross-country comparisons of the governance of the same sports. Thus, sports-specific parameters can be taken into account and single case studies on the governance of a specific sport can be conducted. All partners therefore assessed the governance of the federations responsible for administering football, handball, swimming, tennis, and athletics. These sports were selected on the basis of their historical importance to the Olympic Games (handball, swimming, and athletics) and their general importance in Europe (football and tennis).

On the other hand, the research partners were given some flexibility. A certain degree of flexibility is warranted to allow for the composition of a balanced sample in terms of organisation size. In addition, focusing on a particular sport can be warranted because it constitutes an extreme, influential, or special case that merits an in-depth study. The partners were therefore free to decide on three additional federations to complete their samples. They were, however, encouraged to choose from the following list in order to allow for future cross-country comparisons of the governance of specific sports: triathlon, field hockey, skating, national umbrella federation, rugby, basketball, and skiing.

## Data collection and scoring

Data must be collected to determine the values of the individual variables. To ensure reliable data on the federations' governance, independent assessment is necessary. Indeed, as organisations typically have incentives to report favourably on themselves, self-evaluation cannot be expected to produce reliable data. Nonetheless, researchers must engage with federations in order to gain access to particular types of data and to ensure that the collected data is valid. To ensure that the right balance between independent assessment and input from the federations themselves was struck and in order to maximise the likelihood of cooperation, the NSGO research partners followed a standardised data gathering strategy. The strategy comprised a six-phase process that can be summarised as follows.

### **Phase 1: Selection and contacting**

In the first phase of the data collection process, a selection was made of the federations to be reviewed. The federations were contacted and the process was explained (outline, time frame, benefits for federations, confidentiality). A contact point, i.e. a federation representative who can assist with data gathering, was established. In case of refusal, it was explained that scoring would take place on the basis of publicly available data.

### **Phase 2: Data gathering and first preliminary scoring**

During the second phase, desktop research was conducted. The federations' websites, statutes, internal regulations, and any other relevant available documents were analysed. A preliminary scoring was conducted to get a clear view of the completeness of the collected data.

### **Phase 3: Feedback**

In the third phase, a questionnaire was sent for which the federations' contact points were asked to provide missing data. When necessary, an interview was conducted and additional evidence was requested (official documents, emails, newsletters, etc.).

### **Phase 4: Second preliminary scoring**

The fourth phase comprised the second preliminary scoring on the basis of the feedback received. The researchers recorded where the data underlying the scores was retrieved.

### **Phase 5: Final feedback**

In the fifth phase, the federations were requested to comment on the scores. They had the opportunity to provide additional evidence in case of disagreement. A second interview was conducted in case of remaining uncertainties.

### **Phase 6: Final scoring**

In the final phase, the federations were informed about the final scores.



## Aggregation and weighting of scores

Before the NSGO scores can be presented in a meaningful, i.e. comparative way, the individual values must be aggregated and weighted into a number of 'composite indicators'. A composite indicator is "a mathematical combination of individual indicators that represent different dimensions of a concept whose description is the objective of the analysis" (De Lombaerde et al., 2011, p. 333). By combining sub-indicators into a single *index*, composite indicators summarise complex and multi-dimensional realities and aid comparison of performance ('benchmarking') across organisations (Nardo et al., 2005; Saisana & Tarantola, 2002; Saisana et al., 2005).

The NSGO uses different composite indicators to produce meaningful scores. First, a score is calculated for each of the 46 principles on the basis of the average score of the underlying indicators. Second, each NSGO dimension is assigned a score on the basis of the average scores of the principles that underlie the dimension. Finally, an NSGO index score is calculated on the basis of the average score of the four NSGO dimensions. Consequently, like most composite indicators, the NSGO index, dimension scores, and principles score rely on equal weighting. All variables are given the same worth for every principle; all principles are given the same worth for every dimension; and all dimensions are given the same worth in the calculation of the NSGO index. The choice for equal weighting was informed by two factors. First, the NSGO scores must be understandable for practitioners and equal weighting is the simplest weighting option. Second, weighting is especially subjective where academic research is still in its infancy (Nardo et al., 2005, p. 31; Van den Berghe & Levrau, 2003). Equal weighting, though also inherently subjective, is thus the most objective solution.

Finally, while aggregation may aid comparison across federations, it is also important to ensure an *objective* comparison. Given that sports federations vary in terms of their administrative capacity and the governance-related risks they are subject to, the same governance standard cannot apply to all federations (Nardo et al., 2005). Three categories of sports federations were discerned on the basis of the samples selected by the research partners: small federations with fewer than 10 full-time equivalent (FTE) employees, mid-size federations (more than 10, but fewer than 30 FTE employees), and large federations (30 or more FTE employees). Accordingly, the indicators were divided into three categories, namely 'basic', 'intermediate', and 'advanced'. Basic indicators constitute a minimum standard of good governance. All types of federations can be expected to have sufficient capacity to implement the indicators in this category. Intermediate indicators are costlier and thus, more demanding to implement. This category is therefore only applicable to mid-size to large federations. Advanced indicators are only relevant to large federations. When indicators are not applicable, they are simply not taken into account in the calculation of scores. A Microsoft Excel sheet was developed to calculate the scores. The sheet automatically takes into account the size of the federation.

## Presentation

Indicator scores can be presented in a variety of ways. Finding a way that communicates results in a clear and comprehensible manner to the target audience is of vital importance for getting the message across. According to Nardo et al. (2005, p. 40), composite “indicators must be able to communicate a story to decision-makers and other end-users quickly and accurately”. The key challenge, as Nardo et al. put it succinctly, is “to have words, numbers and graphics working together” (Ibid.).

Though the underlying methodology is based on academic insight, the NSGO project primarily targets a non-academic audience comprised of sports leaders, stakeholders and government officials. It was therefore sought to use a visualisation technique that is able to communicate the NSGO scores in a clear, accurate, and visually appealing manner (cf. Nardo et al., 2005). The NSGO index scores and the dimension scores are visualised via a combination of numbers, donut charts, and dimension icons. Together with bar charts that break down the scores of the individual federations on the four dimensions, the donut charts allow for the construction of dashboards that communicate country scores and averages in a clear and appealing manner.

Merely publishing the NSGO index and dimension scores as numerals would entail that a lot of relevant data is ‘wasted’ or ‘hidden’, as the 274 NSGO indicators provide a wealth of information on the implementation of specific elements of good governance (Saisana et al., 2005, p. 308). In fact, since the NSGO aims to provide an overview of governance strengths and weaknesses, it is important to use an additional visualisation technique, which communicates a holistic perspective on the indicator scores in a comprehensive manner (Nardo et al., 2005). A (modified) traffic light scoring system fulfils these criteria because it allows for an easily accessible, yet nuanced interpretation of strengths and weaknesses. Figure 2 visualises this system. A label and corresponding traffic light colour was assigned to each of the 46 principles on the basis of the federations’ scores on these principles. The usual traffic light system consisting of three colours was expanded to include five colours to allow for a more nuanced visualisation of the scores.

**Figure 2: Scoring labels and the corresponding colours of the NSGO traffic light scoring system**

Not relevant	Not fulfilled	Weak	Moderate	Good	Very good
	0-19 %	20-39 %	40-59 %	60-79 %	80-100 %

On the basis of the information provided by the traffic light scoring system, the reader can decide which strengths or weaknesses need to be explored in detail. More detailed information then, can be obtained by consulting the individual indicator scores. To aid the interpretation of the dashboard and traffic light scores, the research partners explored and analysed the NSGO scores in separate (standardised) country reports. These reports are included as separate chapters in this report. The aim of these chapters is to inform policy makers at the governmental and (con)federation level. Consequently, they not only zoom in on sample and data selection but also give an overview of the country’s corporate governance culture, sports system, and governance-related policies and regulations. The

impact of these contextual factors on good governance in sports federations and the resulting policy implications are explored. The country chapters also guide the reader through the main common strengths and weaknesses of the analysed federations. Where relevant, indicator scores are highlighted and risks are explored.

## Conclusion: What the NSGO provides – and what not

This chapter explains that because governance indicators are always imperfect proxies for the abstract concepts they intend to measure, any measurement of good governance is inherently imperfect. Consequently, there exists no single method for constructing governance indicators. It should therefore be clear that the intention of this report is not to provide a definitive measurement of good governance. The methodological choices underpinning the NSGO indicators have particular implications for the use of the instrument and the meaning of the produced scores. This conclusion summarises these implications by stressing what the NSGO provides - and what not.

Like most governance indicators, the NSGO indicators are based on an untested theoretical framework. The assumptions on which a theory relies are always ‘true’ in an abstract setting, but not necessarily so in the ‘real’ world. Theories simplify reality by focusing on particular elements of reality. Their validity thus needs to be tested on a case-by-case basis. Nonetheless, the assumptions on which the theoretical framework relies have successfully been tested in a large number of cases. This leads to expectations regarding sports federations’ behaviour and features. Put simply, the implementation of the NSGO indicators increases a federation’s chances for success. Implementation does not necessarily imply, however, that federations are effective, legitimate, and ethical. Conversely, federations that fail to implement the indicators are not necessarily corrupt, ineffective and illegitimate. The likelihood that this is (or will be) the case is simply higher. Such federations are thus subject to higher risks.

Furthermore, it is important to stress that federations should not be expected to implement all NSGO indicators. NSGO scores reflect the proportion of good practices implemented. However, federations may develop their own good practices and they may have valid reasons for doing things differently. The NSGO should therefore be regarded as a barometer rather than a dogmatic instrument. The NSGO’s greatest strength is that it provides a clear and holistic overview of which good governance practices federations implement and which ones they do not, as well as why deficits could be problematic. Consequently, the tool should be used as a starting point for discussions about deficits and the policies aimed to address these. These discussions need to go beyond the minimum criteria defined in the NSGO indicators. The NSGO should not be used as a single rigid template for governance reforms. In other words, an assessment based on the NSGO provides a valuable first step for improving federations’ governance. The next chapter provides further guidance on what the next steps could be.

**What the NSGO provides**

- Benchmarking that serves as an ideal starting point for a discussion on good governance policies.
- A reliable and clear assessment through dichotomous (yes/no) indicators that use clearly defined minimum criteria.
- An objective external assessment via a standardised data gathering process and clear, detailed measurement instructions.
- A holistic overview of strengths and weaknesses via the use of 46 principle and 274 indicators, dispersed over four dimensions of good governance.
- A barometer that quickly and accurately communicates strengths and weaknesses through a traffic light scoring system.
- An overview of good practices and why they are important.
- An indication of risks.

**What the NSGO does not provide**

- A definitive set of good governance principles.
- A definitive measurement of good governance.
- A direct measurement of effectiveness, legitimacy, and ethical conduct.
- A blueprint that sports federations can implement as such.

The remainder of this report explores the implementation of good governance in sports federations in the partner countries through separate chapters. By advancing a number of specific policy recommendations, the chapters demonstrate that NSGO benchmarking provides a valuable first step for improving sports federations' governance. The next chapter takes a comparative perspective on the findings and explores their implications for both research and practice.

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# GENERAL FINDINGS AND IMPLICATIONS



## Introduction

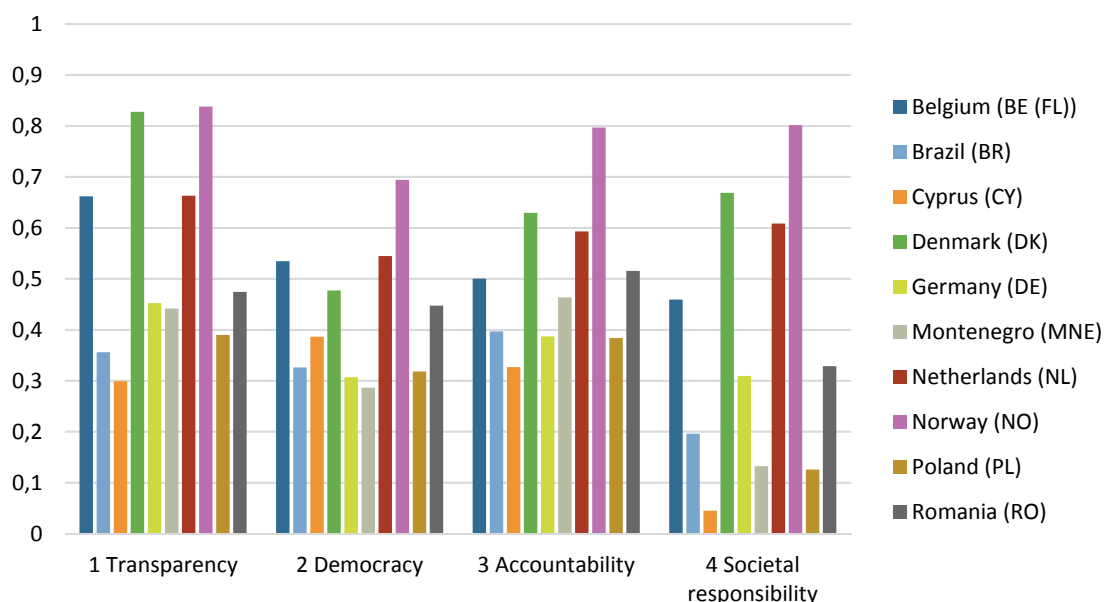
The national chapters demonstrate that NSGO benchmarking allows for an informed discussion on governance strengths and deficits and appropriate policies for addressing the latter. This chapter starts by summarising the country chapters' findings by taking both a comparative and collective (European) perspective. The second part looks into the implications of the findings, both for future research and policy-making.

## Good governance in the NSGO partner countries

The findings presented in the different country reports indicate that NSGO indexes and scores vary greatly among the partner countries.

Table 1 summarises the average country scores on the 46 NSGO principles. It demonstrates that sports federations in Norway, Denmark, and the Netherlands on average achieve good to very good scores. Flemish federations generally achieve average to good scores. The federations in the other countries achieve mostly average to (very) weak scores. The same picture unfolds when looking at the average dimension scores depicted in figure 1. Here, it is clear that Norway, Denmark, and the Netherlands consistently come out on top. Cyprus, Montenegro, and Poland score particularly low in the societal responsibility dimension. In general, societal responsibility proved to be the most problematical of the four NSGO dimensions.

**Figure 1: Average scores of the surveyed European countries and Brazil on the NSGO dimensions**



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**Table 1: Average scores of the surveyed European countries and Brazil on the 46 NSGO principles**

	Principle	BE (FL)	BR	CY	DE	DK	MNE	NL	NO	PL	RO	Avg
Transparency	1. Legal and policy documents											
	2. General assembly											
	3. Board decisions											
	4. Board members											
	5. Athletes and clubs											
	6. Annual report											
	7. Remuneration											
Democratic processes	8. Elections of board members											
	9. Policy for differentiated board											
	10. Nomination committee											
	11. Quorums											
	12. Term limits											
	13. Member representation											
	14. Regular board meetings											
	15. Athletes' participation											
	16. Referees' participation											
	17. Coaches' participation											
	18. Volunteers' participation											
	19. Employees' participation											
Internal accountability	20. Gender equality policy											
	21. Supervision of board											
	22. Board resignation procedures											
	23. Board eligibility rules											
	24. Clear governance structure											
	25. Supervision of management											
	26. Audit committee											
	27. Financial controls											
	28. Board self-evaluation											
	29. External audit											
	30. Code of conduct											
	31. Conflict of interest procedures											
	32. Complaint procedure											
	33. Appeal procedure											
	34. Board meeting schedule											
Societal responsibility	35. Governance consulting											
	36. Mitigating health risks											
	37. Combating sexual harassment											
	38. Anti-doping											
	39. Social inclusion											
	40. Anti-discrimination											
	41. Gender equality											
	42. Anti-match-fixing											
	43. Environmental sustainability											
	44. Dual careers											
	45. Sport for all											
	46. Athletes' rights											

Not relevant	Not fulfilled	Weak	Moderate	Good	Very good
	0-19 %	20-39 %	40-59 %	60-79 %	80-100 %

The average of the NSGO country indexes of the nine European countries is 47%, which corresponds to a 'moderate' scoring label. The average transparency index of the nine European countries scores the highest of the four, namely 65% (good). The average democracy and accountability indexes stand at 44% and 51%, respectively. The average NSGO societal responsibility index is 38%, the lowest of the four indexes. On average, the surveyed European federations thus have the most deficits in the democracy and societal responsibility dimensions. The following explores the European federations' strengths and weaknesses in terms of the four NSGO dimensions of good governance.

## Dimension 1: Transparency

With regard to the transparency dimension, the surveyed European countries achieve high average scores on *the principles* relating to the publication of legal and policy documents (81%) and reports about their member clubs and athletes (76%).

The most problematic (34%) is the principle on the publication of information about board members' and management's remuneration and the applicable remuneration policies. In addition, the countries registered a particularly low average score (41%) on the principle concerning the quality of the published information about board members.

### Highlighted average scores on individual NSGO indicators in the transparency dimension

#### Strengths

- 96% of the surveyed federations in nine European countries publish their statutes on their website.
- 94% of the federations publish their sports rules on their website.
- 77% of the federations publish internal regulations on their website.
- 92% of the federations list the names of the current board members on their website.
- 77% of the federations list information about the number of affiliated clubs on their website.
- 74% of the federations provide an annual report to their internal stakeholders.

#### Deficits

- 15% of the federations publish information on the professional background of individual board members.
- 11% of the federations publish an (anonymised) overview on the declarations of conflicts of interest and the decisions in which conflicts of interest were involved.
- 33% of the federations report on board decisions and give an explanation behind the rationale of key decisions.
- 20% of the federations publish information on other positions in sport organisations held by the board members.
- 36% of the federations publish a risk analysis as part of the general report.
- 30% of the federations publish a statement on the remuneration of board members (including any fringe benefits).
- 28% of the federations publish a statement on the remuneration of management.

#### Other notable scores

- 57% of the surveyed federations publish an annual report including an account of the organisation's finances on their website.

## Dimension 2: Democratic processes

As regards the democratic processes dimension, the surveyed European countries achieve a particularly high average principle score (87%) when it comes to the election of board members. This implies that in most of the surveyed European countries, federations have elections in accordance with clearly defined procedures. The principle with the second highest average score (73%) pertains to the representation of members via a general assembly with annual meetings.

The lowest average principle scores in the democratic processes dimension relate to policies to achieve a differentiated composition of the board (24%), the implementation of term limits (31%), the involvement of athletes in policy processes (30%), and the implementation of a gender equality policy (23%).

#### Highlighted average scores on individual NSGO indicators in the democratic processes dimension

##### Strengths

- 97% of the surveyed federations in nine European countries have formal procedures for the appointment and reappointment of the members of the board.
- 91% of the federations have formal rules on people qualified to vote; majority or percentage needed to win the election and, where applicable, weighting of votes; quorum; and election rounds.
- 93% of the federations have the majority of their board members elected by the general assembly.
- 69% of the federations elect board members through secret ballots.
- 92% of the federations establish a quorum for board meetings.
- 77% of the federations establish a quorum for general assembly meetings.
- 89% of the federations have a general assembly that (indirectly) represents all affiliated members.
- 80% of the federations' general assembly meets at least once each year.
- 77% of the federations' board met at least five times during the previous twelve months.

##### Deficits

- 36% of the federations have a document establishing the desired profile (responsibilities, background, competences) of board members.
- 22% of the federations have a nomination committee that searches for candidates for vacant board mandates.
- 28% of the federations establish term limits for board members.
- 22% of the federations have a formal policy that outlines objectives and actions aimed at involving athletes in their policy processes.
- 26% of the federations adopt their multi-annual policy plan in consultation with athletes.

- 26% of the federations adopt their multi-annual policy plan in consultation with referees.
- 27% of the federations adopt their multi-annual policy plan in consultation with coaches.
- 27% of the federations have a formal gender equality policy.

#### **Other notable scores**

- 45% of the federations establish a nomination committee that oversees the (re-) election process of the members of the board.
- 41% of the federations have a formal body representing athletes within the organisation.

## **Dimension 3: Internal accountability and control**

With regard to the internal accountability and control dimension, the surveyed European countries achieve high average principle scores with regard to adoption of a clear governance structure (75%) and a procedure for appealing decisions (69%). The principles that score the lowest on average pertain to organising board self-evaluations (35%) and the adoption of conflict of interest procedures (36%).

### **Highlighted average scores on individual NSGO indicators in the internal accountability and control dimension**

#### **Strengths**

- 88% of the surveyed federations in nine European countries formally ensure that the general assembly approves the annual financial statements.
- 68% of the federations formally ensure that the general assembly approves the annual budget.
- 72% of the federations have formal procedures regarding the premature resignation of board members.
- 92% of the federations formally define key board positions.
- 74% of the federations formally establish that the board determines the organisation's general policy and 75% formally establish that that management defines operational policy.
- 79% of the federations formally define the delegated tasks of each of the standing committees.
- 80% of the federations outline the responsibilities and competences delegated to management.
- 80% of the federations have their financial statements and accounting records reviewed by an independent auditor.
- 84% of the federations formally allow appeals against sporting sanctions.

#### **Deficits**

- 32% of the federations had their annual policy plan approved by the general assembly.
- 37% of the federations formally establish that the general assembly must approve the multi-annual policy plan.
- In 35% of the federations, the board conducted an appraisal with management within the previous 12 months.
- 39% of the federations have a code of conduct applicable to board members that contains rules on expenses.

- 28% of the federations have a code of conduct applicable to board members that contains rules on gifts.
- 27% of the federations have taken steps in the preceding year to ensure that relevant stakeholders understand the code of conduct that applies to board members.
- 24% of the federations have conflict of interest rules that ensure that particular conflicts must be submitted to the general assembly.
- 27% of the federations have formal procedures ensuring that conflicts of interest are listed and recorded in a registry.
- 17% of the federations formally ensure that no person who, in good faith, reports a concern shall be subject to retaliation or negative consequences.
- 31% of the federations formally ensure that reports of concerns and related investigations must be kept confidential to the extent possible.
- 24% of the federations have formal procedures for filing an anonymous complaint.

#### **Other notable scores**

- 56% of the federations had their multi-annual policy plan approved by the general assembly.
- 63% of the federations formally establish that the board determines the remuneration of management.
- 47% of the federations formally establish that management reports at least four times a year to the board.
- 65% of the federations formally establish a system in which agreements or payments must be signed by at least two people.
- 55% of the federations formally establish a financial threshold for contracts with external parties which establishes whether management or the board must take the decision.
- 53% of the federations formally establish that the same person cannot receive, record and deposit funds.
- 42% of the federations formally restrict the use of cash.
- 49% of the federations formally establish a requirement for accurate and clear payment categorisations and descriptions in the financial accounts.
- 59% of the federations have a code of conduct that applies to board members.
- 52% of the federations have a code of conduct that applies to management.
- 44% of the federations have conflict of interest rules.
- 57% of the federations have a document outlining an annual meeting schedule.

## **Dimension 4: Societal responsibility**

Regarding the societal responsibility dimension, the surveyed European countries achieve a good average score on the principle concerned with assessing anti-doping policies (64%). The European countries achieve average to weak scores on all other societal responsibility principles. The principles that achieve the lowest average scores pertain to environmental sustainability (19%), athletes' rights (29%), gender equality (24%), anti-match-fixing (34%), and dual career (34%) policies.

## Highlighted average scores on individual NSGO indicators in societal responsibility dimension

### Strengths

- 68% of the surveyed federations in nine European countries provide some form of consulting to member organisations in the areas of management or governance.
- 77% of the federations have a formal policy outlining objectives and actions aimed at preventing, detecting, and combating doping practices.
- 88% of the federations implement disciplinary rules to combat doping in conformity with the World Anti-Doping Code.
- 69% of the surveyed federations undertake actions aimed at raising awareness for anti-doping rules.
- 81% of the federations implement formal procedures establishing their cooperation with the National Anti-Doping Authority.
- 71% of the federations undertake actions aimed at promoting sport for all.
- 81% of the federations cooperate with other organisations with a view to promoting sport for all.
- 65% of the federations cooperate with other organisations with a view to improving the social, cultural, educational or psychological circumstances of marginalised and/or fractured communities through sport.

### Deficits

- 39% of the federations have a formal policy that outlines objectives and actions aimed at mitigating the health risks of sporting activities.
- 15% of the federations conducted an analysis of the specific health risks associated with the sport in question.
- 36% of the federations have a formal policy that outlines objectives and actions aimed at combating discrimination in sport.
- 36% of the federations have a code of conduct which outlines rules aimed at combating discrimination in sport.
- 27% of the federations undertook actions aimed at raising awareness for discrimination issues.
- 24% of the surveyed federations have a formal policy that outlines objectives and actions aimed at promoting equality in sport.
- 39% of the federations have a formal policy that outlines objectives and actions aimed at combating match-fixing.
- 38% of the federations implement disciplinary rules banning any member of the federation from placing a bet related to youth leagues or to a competition or match that he or she may (in)directly influence.
- 32% of the federations ban any member of the federation from spreading confidential information which may reasonably be expected to be used in the framework of a bet.
- 34% of the federations formally oblige every member of the federation to report any requests to unduly influence competitions or matches to the federation.
- 37% of the federations implement sanctions for violating anti-match-fixing-rules.
- 29% of the federations undertake actions to educate elite athletes, promising young athletes, coaches, referees, trainers, and clubs about risks relating to match-fixing.
- 20% of the federations have a formal policy that outlines objectives and actions aimed at promoting environmental sustainability.

- 22% of the federations undertake actions aimed at promoting the environmental sustainability of the sporting events it (co-)organises.
- 38% of the federations have a formal policy that outlines objectives and actions aimed at helping athletes combine their sporting career with education or work.
- Very few federations evaluate the impact of their societal responsibility policies and actions (governance consulting to member federations: 25%; health risks: 15%; anti-doping policies: 20%; social inclusion: 25%; anti-discrimination: 15%; gender equality: 11%; anti-match-fixing: 15%; environmental sustainability: 11%; dual careers: 14%; sport for all: 29%).

#### **Other notable scores**

- 43% of the federations promote the exchange of best practices on combating sexual harassment among its member organisations.
- 47% of the federations establish procedures for processing complaints about unwanted sexual behaviour.
- 47% of the federations have a code of conduct which outlines rules aimed at promoting the physical integrity of athletes.
- 51% of the federations promote the exchange of best practices on social inclusion among its member organisations.
- 43% of the federations establish formal procedures for processing complaints about discrimination.
- 42% of the (relevant) federations implement the use of minimum requirements of standard athlete contracts.



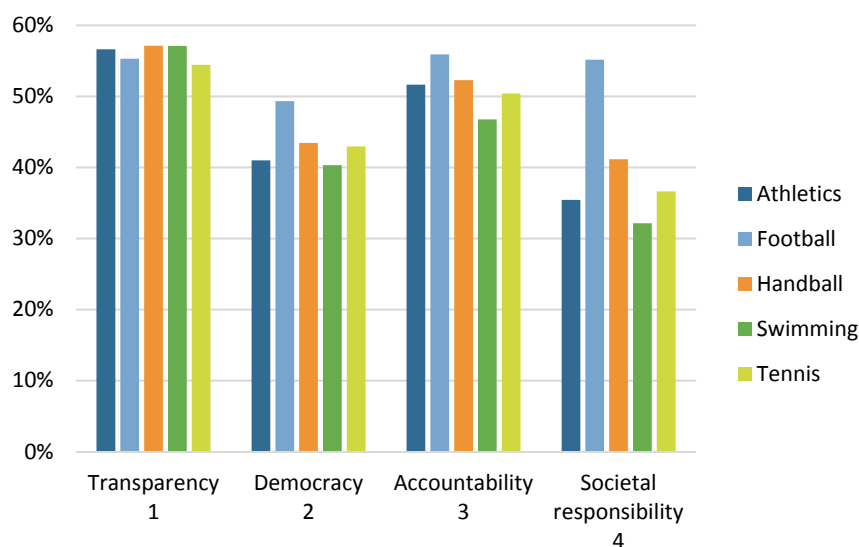
## Good governance in the five common types of federations

As explained in the previous chapter, the NSGO research partners included the same five types of federations in their sample of (at least) eight federations. These five types of federations administer the following sports: athletics, football, handball, swimming, and tennis. The rationale behind the selection of common types of federations was to make comparisons across a number of sports. This allows us to explore whether some sports are governed better than other sports.

Table 2 gives an overview of the combined average scores of the athletics, football, handball, swimming, and tennis federations in the nine surveyed European countries on the 46 NSGO principles. The table shows that there is little variation among the five sports. In fact, the average NSGO indexes and scores are remarkably similar. The combined average NSGO index of the football federations is 54%, the highest of the five types of federations. The athletics federations score 46%, handball 48%, swimming 44%, and tennis 46%.

Figure 2 shows the combined average scores of the five federations on the four NSGO dimensions. On average, the football federations score higher on the societal responsibility dimension. In the other dimensions, the differences between the five types of federations are less pronounced. It seems therefore that NSGO scores depend mostly on the country in which the analysed federations are based. Federation type, by contrast, seems to be a poor predictor of the level of good governance observed in a particular federation.

**Figure 2: The combined average scores of the athletics, football, handball, swimming, and tennis federations in the nine surveyed European countries on the four NSGO dimensions**



**Table 2: Combined average scores in the surveyed European countries on the 46 NSGO principles**

	Principle	Athletics	Football	Handball	Swimming	Tennis
Transparency	1. Legal and policy documents					
	2. General assembly					
	3. Board decisions					
	4. Board members					
	5. Athletes and clubs					
	6. Annual report					
	7. Remuneration					
Democratic processes	8. Elections of board members					
	9. Policy for differentiated board					
	10. Nomination committee					
	11. Quorums					
	12. Term limits					
	13. Member representation					
	14. Regular board meetings					
	15. Athletes' participation					
	16. Referees' participation					
	17. Coaches' participation					
	18. Volunteers' participation					
	19. Employees' participation					
	20. Gender equality policy					
Internal accountability	21. Supervision of board					
	22. Board resignation procedures					
	23. Board eligibility rules					
	24. Clear governance structure					
	25. Supervision of management					
	26. Audit committee					
	27. Financial controls					
	28. Board self-evaluation					
	29. External audit					
	30. Code of conduct					
	31. Conflict of interest procedures					
	32. Complaint procedure					
	33. Appeal procedure					
	34. Board meeting schedule					
Societal responsibility	35. Governance consulting					
	36. Mitigating health risks					
	37. Combating sexual harassment					
	38. Anti-doping					
	39. Social inclusion					
	40. Anti-discrimination					
	41. Gender equality					
	42. Anti-match-fixing					
	43. Environmental sustainability					
	44. Dual careers					
	45. Sport for all					
	46. Athletes' rights					

Not relevant	Not fulfilled	Weak	Moderate	Good	Very good
	0-19 %	20-39 %	40-59 %	60-79 %	80-100 %

## Implications for policymakers

The introductory chapter stressed that the NSGO should be regarded as the starting point for a wider discussion on good governance policies. This section aims to provide additional guidance in that regard. Good governance policies can be implemented on the organisational level or, depending on the sport system, on the level of the umbrella organisation, National Olympic Committee or government (agency).

Regarding the organisational level, benchmarking on the basis of the NSGO gives federations a holistic and clear overview of governance strengths and deficits. It is recommended that an external (independent and qualified) party conducts such an assessment to ensure the validity and accuracy of the NSGO scores.

The country chapters demonstrate that even those federations that achieve good NSGO index or dimension scores demonstrate particular deficits. NSGO benchmarking is thus relevant for all types of federations. Federations that subsequently seek to address governance deficits can use the individual NSGO indicators as guidance for setting minimum requirements on which broader policies are built. Such policies are ideally devised in consultation with and built on the support from the board, management, staff and internal and external stakeholders. Inspiration can be drawn from policies implemented by other federations or comparable organisations. When resources are limited, federations can set clear priorities and develop a multi-annual plan for implementing good governance in different stages. In any case, federations should avoid implementing the NSGO indicators without engaging in a broader reflection on their importance.

Governments, sport agencies, umbrella federations, and National Olympic Committees are increasingly implementing specific policies that aim to enhance the implementation of good governance in sports federations. A centralised approach holds particular benefits with regard to achieving good governance. To maximise these benefits, the following recommendations can be taken into account.<sup>4</sup>

**First**, any centralised good governance policy should build on an inventory of the status quo. Central authorities usually do not have sufficient resources for implementing policies that address all elements of good governance. A clear picture of the federations' strengths and weaknesses with regard to good governance helps define priorities. Again, the country chapters demonstrate that the NSGO can be used for these purposes.

**Second**, it is important that the federations are involved in discussions on appropriate elements of good governance. The implementation of good governance principles relies to a large extent on the federations' support for the individual principles. When the

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<sup>4</sup> This section draws on a forthcoming publication by the author on achieving compliance with standards of good governance and the author's involvement in good governance policies implemented by the Flemish government (Geeraert & Drieskens, 2016).

federations perceive these principles as legitimate, they will be incentivised to implement them beyond merely formal requirements.

**Third**, a standard reference document for related policies, a good governance code, would facilitate the implementation of good governance. The code should be devised on the basis of existing best practices, expert input, and input from discussions with sports federations. It should take into account contextual factors such as existing policies and regulations. The code should not be too rigid but provide some leeway for federations to decide on the practical implementation of the provisions. Rather than providing a holistic template, it should focus on setting minimum standards and on providing further guidance on how broader principles could be implemented. The code should cover a broad range of governance issues but should take existing policies and regulations into account to avoid overlap which might be confusing.

**Fourth**, specific policies should be aimed at enabling willing federations to implement good governance. On one hand, capacity-building policies should be implemented. Based on the federations' needs, such policies could focus on providing financial support to smaller federations, distributing templates for formal internal regulations and procedures, offering one-on-one advice, stimulating the exchange of best practices and organising specialised workshops. On the other hand, federations may require specific guidance and explanations with regard to the implementation of formal minimum requirements. Specific policies therefore need to make sure that the federations have a clear understanding of how to implement obligations.

**Finally**, it is very likely that some federations refuse to implement (particular) principles of good governance despite supporting policies. Federations may not consider particular elements of good governance a legitimate standard of good conduct or they may fear the impact implementation may have on organisational equilibria or personal interests. An enforcement policy allows for bringing reluctant federations back into compliance with required standards. Such a policy entails setting enforceable minimum requirements of good governance. Independent monitoring allows for discovering and sanctioning those federations that continue to refuse to implement such minimum requirements. Sanctions may include losing a proportion of funding or naming and shaming.

However, it is important that the right balance is struck between supporting and enforcing good governance. This requires an open dialogue between the public sector and the sports sector on appropriate good governance policies. Policies that prioritise enforcement may not achieve federations' implementation of good governance beyond (minimal) formal requirements. They may also lead to excessive bureaucracy or undue political interference. The latter may cause the corrosion of the ethical and independent character of sports governance. Conversely, policies that focus on merely supporting the implementation of good governance may not achieve its universal implementation.

## Implications for further research

While the NSGO aims to inform discussions about governance reforms, it also intends to be the starting point of further research. Two types of research are necessary to advance our understanding of good governance in sports federations beyond empirical measurement. The difference between these two types is whether good governance is defined as the dependent or independent variable in the research design. When defined as dependent variable, research explores and theorises about the scope conditions for the adoption of good governance. By contrast, when defined as the independent variable, the impact of elements of governance on organisational conduct and performance is explored. The NSGO indicators and scores can be employed in both types of research.

First, differences between NSGO scores were most pronounced when comparing the average scores of the different partner countries. The country reports provide an overview of different contextual factors that may have contributed to these differences. There does not appear to be a single decisive factor that explains why Danish, Dutch, and Norwegian federations are outperforming their counterparts in the other surveyed European countries. On one hand, these countries have structural elements such as laws, governance codes and/or specific policies in place that exert coercive pressure on sports federations to implement elements of good governance. On the other hand, the implementation of high standards of good governance in these countries could also be attributed to cultural factors. Indeed, the analyses seem to indicate that the presence of formal laws and policies is only part of the explanation. Sometimes, good governance practices simply appear to be ‘the normal way of doing things’. Particularly Norwegian federations implement elements of good governance beyond formal (legal) requirements and often even without being subject to coercive pressure. This stands in contrast with the status quo in Flanders, for instance, where federations appear more likely to implement those elements of good governance that are requested or supported through formal laws and policies.

The question why sports federations implement higher average standards of good governance in some countries than in others is one that merits further research. It is clear that such research should pay attention to both structural and cultural factors. With regard to structural factors, comparisons between centralised good governance policies can shed light on appropriate strategies for achieving a common, high governance standard. Regarding cultural factors, the professionalisation of the sports sector, spill-overs from other sectors and the broader presence of shared governance-related norms in the countries’ cultures are possible explanations why federations implement good governance beyond formal requirements. It should be noted that the degree of professionalisation, spill-over, and internalisation of (good governance) norms may vary among federations. Indeed, the country chapters demonstrate that even when a country has high average NSGO scores, individual federations’ scores may vary significantly. Further research should therefore also take into account an individual federation’s resistance to cultural or structural pressures to implement good governance. This resistance can be endogenous, when it originates from within the organisation, or exogenous, when federations are

subject to pressures from stakeholders that prevent the implementation of good governance.

Second, the theoretical framework suggests that the higher a federation's NSGO scores, the more likely it is to be effective, legitimate, and ethical and vice-versa. These theoretical assumptions require further empirical testing. When the implementation of the indicators does not produce the expected effects, they may not be (sufficiently) valid proxies for the abstract concepts they intend to measure. However, it could also be the case that contextual factors or (absent) intermediate variables prevent positive outcomes. A lack of human capital (i.e. high-quality staff), for instance, may very well render a transparent, democratic, and accountable organisation ineffective. A related issue, that requires further scholarly attention, pertains to the administrative burden that implementing good governance imposes on federations, particularly those with low administrative capacity. Finally, whereas the NSGO relies mostly (but not exclusively) on rules-based indicators of good governance, cultural or ideational elements (e.g. cognitive biases, bounded rationality or cultures of 'bad governance') may affect the impact of rules and procedures on actual behaviour.

Further research should therefore explore whether the implementation of NSGO indicators produces the expected effects and under what conditions. Such studies would allow for refining the existing indicators and their underlying criteria for assessment or for the inclusion of new indicators. Consequently, this type of research is necessary to enhance the validity of the NSGO indicators.

## Conclusion

The main aim of the NSGO project is to assist and inspire sports federations to raise the quality of their governance. The country chapters included in this report, as well as the national seminars organised by the NSGO research partners, have initiated important discussions on governance strengths and deficits. With the publication of this report, we hope to further galvanise action. However, the future impact of the NSGO benchmarking instrument will depend on its implementation beyond the countries included in this report. Interested parties are therefore encouraged to join the project by submitting their formal application via [www.nationalsportgovernanceobserver.org](http://www.nationalsportgovernanceobserver.org).

This report demonstrates that benchmarking allows for informed discussions about good governance in sports federations. Nonetheless, it also shows that further action by governments and relevant sport stakeholders is required to achieve higher governance standards and that further research is needed to improve our understanding of good governance in sports federations. The publication of this report is therefore but a first step towards improving good governance in national sports federations in Europe and beyond.

## References

Geeraert, A., & Drieskens, E. (2016), *Goed bestuur in Vlaamse sportfederaties: een voorstel tot code en indicatoren*. [Good governance in Flemish sports federations: a proposal for a code and indicators] Eindrapport van de studie in het kader van bestek nr. DEP/SPORT/2015/3, KU Leuven, Leuven, available at [http://www.blosokics.be/Sportfederaties/Documents/160615\\_Eindrapport\\_Goed\\_Bestuur\\_in\\_Vlaamse\\_sportfederaties.pdf](http://www.blosokics.be/Sportfederaties/Documents/160615_Eindrapport_Goed_Bestuur_in_Vlaamse_sportfederaties.pdf).

# REPORTS FROM PROJECT PARTNERS



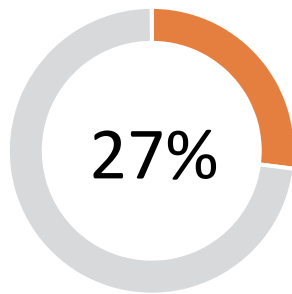
# NATIONAL SPORTS GOVERNANCE OBSERVER

## COUNTRY REPORT: CYPRUS

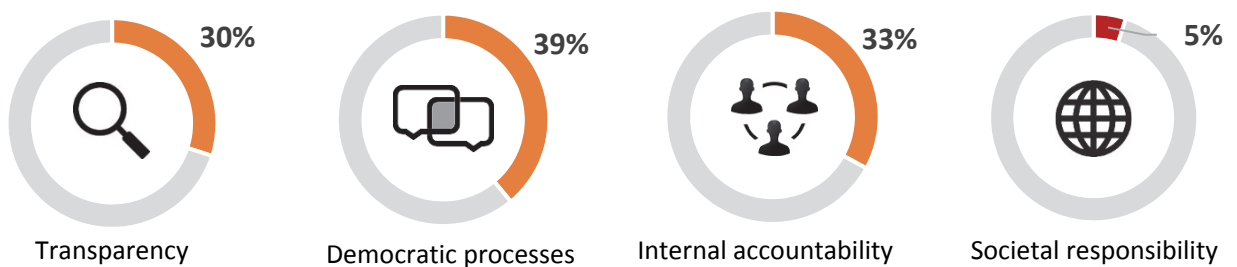
## Key results: Cyprus

Figures 1, 2, and 3 show Cyprus' main NSGO scores. Table 1 summarises the surveyed federations' principle scores by showing their corresponding labels.

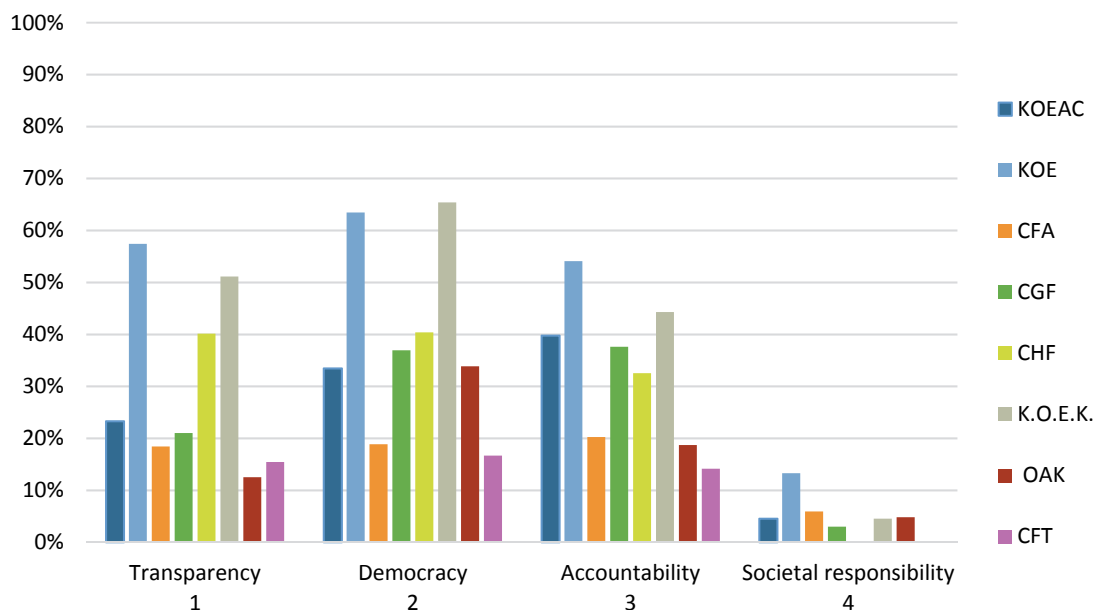
**Figure 1: Cyprus' overall NSGO index score**



**Figure 2: Cyprus' scores on the four NSGO dimensions**



**Figure 3: The surveyed Cypriot sports federations' scores on the four NSGO dimensions**



See table 2 for the federations' full names.

**Table 1: The surveyed Cypriot federations' scores on the 46 NSGO principles**

	Principle	KOEAC	KOE	CFA	CGF	CHF	K.O.E.K.	OAK	CFT
Transparency	1. Legal and policy documents								
	2. General assembly								
	3. Board decisions								
	4. Board members								
	5. Athletes and clubs								
	6. Annual report								
	7. Remuneration								
Democratic processes	8. Elections of board members								
	9. Policy for differentiated board								
	10. Nomination committee								
	11. Quorums								
	12. Term limits								
	13. Member representation								
	14. Regular board meetings								
	15. Athletes' participation								
	16. Referees' participation								
	17. Coaches' participation								
	18. Volunteers' participation								
	19. Employees' participation								
	20. Gender equality policy								
Internal accountability	21. Supervision of board								
	22. Board resignation procedures								
	23. Board eligibility rules								
	24. Clear governance structure								
	25. Supervision of management								
	26. Audit committee								
	27. Financial controls								
	28. Board self-evaluation								
	29. External audit								
	30. Code of conduct								
	31. Conflict of interest procedures								
	32. Complaint procedure								
	33. Appeal procedure								
	34. Board meeting schedule								
Societal responsibility	35. Governance consulting								
	36. Mitigating health risks								
	37. Combating sexual harassment								
	38. Anti-doping								
	39. Social inclusion								
	40. Anti-discrimination								
	41. Gender equality								
	42. Anti-match-fixing								
	43. Environmental sustainability								
	44. Dual careers								
	45. Sport for all								
	46. Athletes' rights								

Not relevant	Not fulfilled	Weak	Moderate	Good	Very good
	0-19 %	20-39 %	40-59 %	60-79 %	80-100 %

## Overview

The present chapter offers a descriptive account of the Cypriot sports organisations that have been benchmarked for the NSGO. The seven federations that have been examined were Athletics, Football, Triathlon, Gymnastics, Handball, Swimming, and Tennis in addition to one umbrella organisation, namely the Cyprus National Olympic Committee. Data was gathered from July to September 2018.

Cypriot sports federations scored an average of 27%, which gives an overall ‘weak’ status. Both the average and individual scores (the majority thereof) in all four dimensions are below 50%, while only a small number of principles (of each dimension) were above this value. Generally, Cyprus is the country amongst the ones examined for the purposes of the NSGO that finds itself as a ‘negative outlier’ in all four dimensions, and emphatically in certain key indicators (e.g., having a *code of conduct* (0%) or an *approved multi-annual strategic plan* (13%)). As such, Cypriot sports federations present a clear case where public policies are well needed in order for standards of good governance to be in place. Against this background, and on the back of the NSGO project, the highest authority of sport in Cyprus (i.e., Cyprus Sports Organisation) developed and introduced (on effect as of 1<sup>st</sup> January 2019) the first ever code of good governance in order to conceptually and practically assist the Cypriot sports federations towards the implementation of good governance mechanisms and processes.

The chapter is structured in five sections. This introduction is followed by an account of the context in which this national-based report unfolds. Thus, that second section briefly discusses the corporate governance status quo, especially applicable to public limited companies listed on the Cyprus Stock Exchange (CSE), before the Cypriot sports system is explained. The third section offers some details with regards to gathering and analysing the dataset. Then, the crux of this chapter presents the findings by highlighting the relative strengths and notable weaknesses vis-à-vis the four good governance dimensions in question. The subsequent section concludes this chapter by offering some concrete action points that are needed so as Cypriot sports federations improve their standards of good governance.

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## Context

### Corporate governance culture

Although corporate governance is relevant to both private and public companies, the present section offers an overview on the matter that relates to the Cyprus-listed companies. In short, the core legislative provisions are included in the Cyprus Companies' Law, Cap 113 (Companies' Law). As Strati and Epaminonda (2016) aptly delineate, the 2000 recession that hit the Cyprus stock market has been the springboard for the introduction (in 2002) of the first Corporate Governance Code (hereafter the Code), which put forward a set of governance principles, thereby offering additional protection to the shareholders of listed companies. At the time of writing this chapter, the fourth revised version of the Code applies, issued in April 2014. According to Strati and Epaminonda (2016, p. 105), the Code contains a set of legal principles, rather than inflexible legal rules. It is only obligatory for companies listed on the Main Market and, in part, it is also mandatory for companies listed on the Parallel Market. Its aims include strengthening the monitoring role of the board in listed companies, protecting small shareholders, adopting greater transparency and providing timely information as well as sufficiently safeguarding the independence of the board in its decision-making. Private companies are not bound by its provisions but are encouraged to consider it as guidance and utilise it as a best practice model.

When it comes to Cypriot public companies, almost 50% of them seem to comply with the Code, at least partially (Strati and Epaminonda, 2016). Drawing on the same study, it is also worth noting that the Code imposes an obligation on listed companies to first specify (in their annual report) whether they comply with the Code and the extent to which they implement its principles. The second part of that report should include a confirmation that the company has complied with the Code's provisions and, in the event that it has not done so, it should provide adequate explanation for its non-compliance.

### Sports system

The Republic of Cyprus has a long and rich history in sport, with recordings of the successes of Cypriot athletes dating back thousands of years. The Cypriot sports system is a clear example of the '*bureaucratic configuration*' described in VOCASPORT Research Group (2004, pp. 53-61) and Henry (2009). In this configuration, the state plays a key role in the way the entire sports sector operates. It does so through the first law (Law 41/1969) dealing with sports issues in Cyprus, through which, in essence, the Cyprus Sports Organisation (CSO) was established; a semi-governmental, non-profit organisation that is politically supervised by the Ministry of Education and Culture and entitled to act as the Supreme Sporting Authority in the Republic of Cyprus. CSO is governed by a board of nine volunteer non-executive members (Board of Directors), appointed by the President of the Republic of Cyprus for a term of 30 months. The Board is composed by a President, a Vice-President and seven further members. CSO has four departments (Sports, Technical, Finance and Human Resource) and 267 employees to fulfil its mission and carry out public sports policies. The CSO's main objectives are:

- the development of extra school curriculum sports and physical activity

- the coordination of sports activities within Cyprus
- the cultivation and development of the Olympic ideals
- the promotion of Cyprus on the international sports scene.

In order to meet the aforementioned objectives, the CSO's main activities are:

- to supervise and advise the sports federations, the sports clubs and the sports facilities of any extra-curricular sport, and ensure continuous, consistent and accurate applications of these objectives by carrying out sports programmes and events
- to cultivate, disseminate, develop and organise the nation-wide Sport for All Programme
- to proceed, in compliance with the regulations issued by the virtue of sport's Law, to the recognition of sports confederations, sports federations, sports clubs, which have been legally established in the Republic, record them in a sport registry kept especially for this purpose and issue a specific certificate for this recognition and recording
- to provide financial and technical support to local authorities, sports federations, and sports clubs
- to provide educational and training support to sports federations
- to supervise the operation of sports federations
- to develop and maintain sports facilities with local authorities, sports federations, and sports clubs
- to issue the "Athletes' Health Certificate".

In addition, the CSO's Sports Academy is a competent body of the CSO assigned to promote education and training of those who are involved in sports organisations' governing and administrative bodies, especially the sports federations' volunteer board members and administrative personnel. Within this framework, the CSO's Academy seeks to continuously upgrade not only the knowledge status of sports stakeholders, but also the cooperation with all sports stakeholders, to better meet their educational and training needs related to the various fields of management and administration of a sports organisation.

Another key organisation in the sporting system of the Republic Cyprus is, of course, the Cyprus National Olympic Committee (NOC), which is a non-governmental, non-profit-making organisation, of unlimited duration created in accordance with the Olympic Charter under guidelines approved by the International Olympic Committee (hereinafter referred to as the "IOC"). The mission of the Cyprus NOC is to encourage interest in the Olympic Games and to develop, promote and protect the Olympic Movement in Cyprus, in accordance with the Olympic Charter.

Among other objectives, the Cyprus NOC is trying:

- to promote the fundamental principles and values of Olympism in Cyprus in particular, in the fields of sport and education, by promoting Olympic educational programmes on all levels of schools, sports and physical education institutions, and universities, as well as by encouraging the creation of institutions dedicated to Olympic education, such as National Olympic Academies, Olympic Museums, and other programmes, including cultural, related to the Olympic Movement.
- to ensure the observance of the "Olympic Charter" in Cyprus
- to encourage the development of high performance sport as well as sport for all
- to help in the training of sports administrators by organising courses and ensure that such courses contribute to the propagation of the fundamental principles of Olympism
- to organise, together with the respective national federations, the preparation of athletes in order to ensure that the athletes will have prepared in such a manner so that Cyprus be represented successfully at the Olympic Games as well as regional, continental and international games which have the patronage of the IOC
- to encourage and support the promotion of ethics in sport and the spirit of fair play and to take action against any form of discrimination and violence in sport
- to support and encourage the promotion of women in sport at all levels and in all structures with a view to implementing the principle of equality of men and women
- to oppose any political or commercial abuse of sport and athletes
- to encourage and support the efforts of sports organisations and public authorities to provide for the social and professional future of athletes.

The Cyprus NOC also has the exclusive authority for the representation of Cyprus at the Olympic Games as well as at regional, continental, and world multi-sports competitions, which have the patronage of the IOC. The Cyprus NOC cooperates with various non-governmental or governmental bodies in order to fulfil its mission.

## Governance-related sports policies and regulations

During the Cyprus Presidency of the Council of the European Union (2<sup>nd</sup> half of 2012), the CSO had a prominent role by chairing the Working Party on Sport meetings and having a leading role in the organisation, implementation and delivery of all thematic aspects and events that took place within the Cyprus Presidency period. Among of the priority themes that the CSO handled during the Cyprus Presidency were "Evidence base for sport policy making", "Match-fixing", Health-enhancing physical activity", and "Doping". In addition, the CSO has been represented in all the EU Experts Groups that were running under the EU Work Plans 2011 – 2014 and 2014 – 2017, including the Experts Groups on Good Governance in Sport.

At the time of writing, the CSO is re-evaluating the Sport law of Cyprus (Law 41/1969) with an immediate aim to enhance it by including articles that will further support Good Governance especially in the national sports federations and allow the CSO to take specific actions when a breach of good governance is reported. As such, the very first action

undertaken by the CSO has been to design and introduce the first ever *Code of Good Governance for the National Sports Federations in the Republic of Cyprus*<sup>6</sup>, which –very much influenced and inspired by the NSGO project – consists of four dimensions, 15 focus areas, and 55 articles. The significance of and need for having a Code that sets good governance standards in the Cypriot sports environment was emphasised by the then Minister of Education & Culture. Dr Kadis, who said that “*the Code serves as the necessary tool that will create a clear framework for the operation of the Sports Federations, thus giving assurance, stability and self-confidence to the boards and the administrators of the organisations in question*”.

Time wise, the Code has been in effect since June 2018. However, the period until the end of 2018 remains at the disposal of the federations to begin implementing the provisions of the Code. This six-month period will allow the national sports federations to make what statutory changes are needed in order to start aligning themselves with the provisions of the Code. In 2019, it is expected that all federations will operate within the framework of the Code, and by 2019 the management and other control mechanisms of the CSO will be extended by including an assessment of the implementation of the Code by the federations. Through this Code, no reference is made to specially sanctioned penalties for non-compliance to the Code, precisely because the Code is intended to be a supportive tool for the federations, rather than a ‘penalty-oriented mechanism’. However, in the context of revising the CSO’s criteria for subsidising federations, the implementation of the provisions of the Code will have its own important significance.

Although provisions in the Cypriot Code are not very much unlike other similar policy-oriented documents (see Flanders’ and/or the UK’s), what is worth mentioning here are the following key points that relate to both organisational *conformance* and organisational *performance*: the absolute need for the introduction of term limits for the volunteer board members; the design of multi-annual strategic plans for each federation irrespective of size; the need for ‘conflict of interests register’; and the value of educating/training volunteer board members, sports administrators, athletes/coaches through collaborations with academic institutions and other educational providers.

Generally, it is expected that the holistic adoption of the Code will have a direct impact on all boards (i.e., the circa 400 volunteers therein), as well as on the national sports federations’ 354 affiliated and funded dependent sports clubs. What is worth noting too, however, is that the actual implementation of the Code is anticipated to have an indirect impact on 56,000 registered athletes, 400 elite athletes, as well as on 133 sports club trainers and 40 national coaches.

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<sup>6</sup> In 2017, the CSO commissioned Dr Christos Anagnostopoulos from UCLan Cyprus to write this Code, which, after a 10-month consultation period with a great deal of stakeholders in the Cypriot sports sector, was introduced to all national sports federations on the 5<sup>th</sup> June 2018.



## Methods

There are 71 active national sports federations in Cyprus (31 of which are members of the Cyprus National Olympic Committee) that receive funding from the CSO. A sample of seven federations and the umbrella organisation, namely the Cyprus National Olympic Committee (NOC) was selected in accordance with the standardised NSGO methodology (see Table 1). The sample consists of the five compulsory (i.e., athletics, football, handball, swimming, and tennis) and three of the recommended federations (gymnastics, triathlon and the umbrella organisation of NOC). Apart from the Football federation (30-40 FTE employees) and the NOC (10-20 FTE employees), all other sampled federations are classified as 'small' ones (i.e., less than 10 FTE employees).

Data collection was conducted in accordance with the standardised NSGO data gathering process. Phase one (selecting and contacting) and phase two (data gathering and first preliminary scoring) were conducted in June 2017. Phase three (feedback through face-to-face meetings with representatives from all eight sampled organisations) took place in July and early August (apart from the case of football that was conducted in September). Phase four (second preliminary scoring) was conducted during the 2<sup>nd</sup> half of August, while phase five (final feedback) took place during an open consultation day on the 19<sup>th</sup> September 2017. Phase six (final scoring) was conducted from October to November 2017. Phase two was conducted by a single researcher who reported to the coordinator in charge. The coordinator carried out all other phases. All federations reviewed and complemented the data gathered.

The federations' scores were aggregated on the basis of the standardised NSGO excel sheets. The indicators deemed not applicable correspond with the standard NSGO indicators not applicable for small and mid-size federations. Table 2 below indicates the applicable indicators to each examined federation out of the total per dimension.

**Table 2: Data collection overview**

<b>Sport</b>	<b>Official name</b>	<b>Official acronym</b>	<b>Date of face-to-face verification meeting (Phase 3)</b>	<b>Applicable indicators per dimension</b>
Athletics	Cyprus Federation of Amateurism Athletics	KOEAC	14 July 2017	Transparency: 40/42 Democratic processes: 36/55 Accountability & Control: 75/89 Societal responsibility: 55/88
Football	Cyprus Football Association	CFA	25 September 2017	Transparency: 42/42 Democratic processes: 55/55 Accountability & Control: 83/89 Societal responsibility: 82/88
Gymnastics	Cyprus Gymnastics Federation	CGF	18 July 2017	Transparency: 40/42 Democratic processes: 36/55 Accountability & Control: 75/89 Societal responsibility: 55/88
Swimming	Cyprus Swimming Federation	K.O.E.K.	19 July 2017	Transparency: 40/42 Democratic processes: 36/55 Accountability & Control: 75/89 Societal responsibility: 55/88
Tennis	Cyprus Tennis Federation	OAK	20 July 2017	Transparency: 25/42 Democratic processes: 36/55 Accountability & Control: 74/89 Societal responsibility: 55/88
Triathlon	Cyprus Triathlon Federation	CFT	25 July 2017	Transparency: 40/42 Democratic processes: 36/55 Accountability & Control: 75/89 Societal responsibility: 55/88
Handball	Cyprus Handball Federation	CHF	14 July 2017	Transparency: 40/42 Democratic processes: 36/55 Accountability & Control: 75/89 Societal responsibility: 51/88
Umbrella federation	Cyprus Olympic Committee	KOE	18 July 2017	Transparency: 37/42 Democratic processes: 38/55 Accountability & Control: 77/89 Societal responsibility: 76/88

## Results

As depicted in the dashboard, the Cypriot NSGO index is 27%, which corresponds with a 'weak' label. More specifically, Cypriot federations score highest in the Democracy dimension, namely 39%. The NSGO accountability scores reach 33%, whilst the transparency dimensions scored 30%. The last dimension, namely societal responsibility, scores the lowest of all four, with 5%.

### Dimension 1: Transparency

Regarding the transparency dimension, the Cypriot sports federations generally implement low reporting standards:

- Not all federations publish their statutes on the official website (63%).
- Much less than half of the federations publish their annual reports (38%).
- Sporting rules are not officially available for the stakeholders via email or a protected member section of the website of any of the federations.
- Sporting rules are available through the website of the majority of the federations (71%).
- Not many federations provide the multi-annual policy plan on their website (13%) nor through email or protected member area on their website (14%).

With regard to publishing information about board members of the federations, affiliated athletes, and/or clubs, the scores vary from low to moderate:

- The majority (63%) of the federations list the names of all the current members of the board on their websites, while only 13% lists the start and end dates of their mandate.
- Only a quarter of the federations provide information on other positions in sports organisations held by the board members.
- There is neither information about the duration and the number of previous mandates nor biographical information about current individual board members in any of the federations.
- 75% of the federations provide information about affiliated clubs, but none of them provide information about affiliated athletes.

In regard to the publications of the agenda and minutes of the general assembly, the sum of the Cypriot sports federations score is low:

- A small percentage of the federations (14%) publish the agenda of the last general assembly's meeting before it took place.
- The agenda of the general assembly meetings is available for the stakeholders via email or a protected member section of the organisation's website before the meeting takes place, containing explanation of the agenda items and a list of topics to be discussed and specifying the items which shall put in vote for 38% of the federations.

- Some of the federations (38%) privately provide the minutes of the general assembly meetings to their internal stakeholders, including a summary of the deliberations and ballots.

Some of the federations share documentation about financial matters; the annual reports, including financial statements. On the other hand, there is no formal risk management expertise addressed:

- 29% of the federations publish their annual reports on their website, including the last three of them.
- Half of the federations establish formal internal procedures that ensure timely and accurate reporting within the framework of the annual report, while they also include an account of the organisation's finances in their annual report.
- No federation includes a report on the activities of all standing committees in their annual report.

Indicators regarding remuneration details and policies included in the annual report score relatively low:

- Some federations include details about the remuneration policies in the annual reports (43%), while less (38%) include a report on remuneration.
- 25% of the federations include a separate statement on the remuneration of the board and management.

## Dimension 2: Democratic processes

Concerning the democratic processes dimension, the Cypriot sports federations scored below average, although this was the highest average of the four-dimension scores. The range of scores was wide, scoring both the highest and lowest possible scores. The majority of the federations do not implement procedures and practices that stimulate internal deliberations:

- The document the data was extracted from was approved by the general assembly in the majority of the cases (86%).

Federations scored high in democratic procedures in appointment/reappointment of board members and their balance in it:

- Most of Cypriot sports federations (86%) ensure that elections take place in secret ballots, while establishing the desired profile of each board function. Same percentage applies for federations ensuring that the general assembly elects the majority of the members of the board.
- In the majority of the federations (86%), information on elections' procedures is published.

- None of the federations take formal actions in nomination of candidates when a vacancy in management or in the board occurs.
- A low percentage (13%) implement actions that only a proportion of the retired members is replaced every time.
- In all federations, a quorum is established regarding the internal regulations for the board and general assembly. A meeting for the general assembly at least once a year, emergency meetings and formal procedures are in place for the adoption of decisions in the sum of the federations.

With regards to the decision-making, Cypriot sports federations fail to achieve high scores:

- None of the federations have set a multi-annual policy (aka strategic plan) in consultation with athletes or volunteers while consultation with coaches and/or referees as well as with the federation's employees is generally low (14% and 25% respectively).
- The general assembly has approved a multi-annual policy plan in just 14% of the federations.
- None of the federations establish term limits for board members (0%).

### Dimension 3: Accountability

Similarly to the previous two dimensions, this dimension's score is also labelled as "weak".

Premature resignation procedures are a principle in which federations take action.

Scenarios of conflicts or malfunctioning though are only predicted by a few of them:

- All the federations establish general procedures regarding the premature resignation of board members. In 87.5% of the federations, the general assembly has to vote on this issue and set regulations on premature resignation due to repeated absenteeism.
- Malfunctioning and conflicts can be a reason of premature resignation in the minority of the federations (13%).

Concerning the principle of conflict of interest, some of the federations ensure that candidates for the board who can potentially be affected by third parties in terms of a sport's interest cannot be elected:

- A person that is employed by a company that has a commercial relationship with the organisation, being a member of a judicial body within the organisation or is involved in any kind of serious conflict of interest cannot serve as a member of the board in 38% of the federations.

There is an awareness of the conflicts that can be caused by the lack of a clear structure in an organisation from the Cypriot sports federations. In the principal of separation of powers within the organisation, the scores are relatively high. For instance, all of the

examined federations define the key positions on the board of the president and at least a second member:

- The board has the final authority on general policy and finances of the organisation in the majority of the federations (63%).
- The vast majority of Cypriot sports federations (87%) define the composition of the standing committees and their delegated tasks, while outlining the responsibilities and competences delegated to management.

Supervision of management scores low in the relevant indicators except from one:

- 13% of the federations establish a report on performance and the procedures regarding composition and approval by the board.
- Remuneration of management is determined by the board in 38% of Cypriot sports federations.
- Management reporting on organisational operations and finances at least four times per year and all the procedures on meetings and discussion on individual performance is established by 13% of the examined federations.
- None of the federations have an internal financial or audit committee.
- None of the federations clearly define rules for submitting complaints or investigating them.
- A low percentage (38%) of the federations arrange a meeting on budget or financial statements.
- None of the federations arrange meetings on annual self-assessment or appraisal of management.

## Dimension: Societal responsibility

Societal responsibility is the weakest dimension by far with only a few of the indicators scoring average or above. Federations' average is labelled as not fulfilled, with no exception in all eight examined organisations, leaving enough space for them to make future steps in improving their scores:

- Consulting to members in the areas of management and governance is offered by 13% of the federations with none of them having a designated staff member to formally act as a single point of contact or being responsible for this matter.

No other actions are taken by any federation regarding consultation in the areas of management and governance.

Health risks of sporting activities is surprisingly an area in which federations failed to demonstrate any actions/initiatives. None of the federations fulfilled (apart from just one) indicators within this principle:

- A staff member is formally a single point of contact and being responsible for all matters regarding the health risks of sporting activities in just one of the examined federations.

There is no (or minor) formal activity regarding the battle against sexual harassment, match fixing, social inclusion through sport, fair treatment of professional athletes, or promotion of environmental sustainability.

Anti-doping policy is a principle with formal activity from the majority of the federations but lacking activity in raising awareness at any level:

- The majority of federations have a formal policy against doping practices (75%) or implement disciplinary rules according to WADA (63%).
- Some of the federations implement formal procedures establishing their cooperation with the National Anti-Doping Authority (25%).
- None of the federations take any formal action on raising awareness on doping matters.

Regarding discrimination and sports, there is insignificant engagement with such matters by the federations:

- None of the federations raise awareness on the importance of having a diverse decision-making environment or undertakes actions aimed at supporting leaders of both sexes.
- A low percentage (13%) of the federations have a formal policy aimed at promoting gender equality in sports.

Formal actions are taken by the Cypriot sports federations on promoting a 'sport for all' policy at an average level:

- A minority of the federations have a formal policy outlining objectives and specific actions to promote sport for all (13%).
- Half of the federations cooperate with other organisations aiming to promote sport for all.
- No federation has a designated staff member responsible for sport for all or any kind of evaluation of the impact of the actions taken within this principle.
- There is a small percentage (25%) of the federations that deal with the policy, which outlines objectives and specific actions aimed at helping athletes combining their sporting career with education or work.
- There is no designated staff member responsible for all matters regarding dual careers.

When the federations lack strategies in these areas, the likelihood of having a sustainable societal impact decreases. Not having a strategy implies that it is not clear where the

organisations' policies are going, which makes it less likely to achieve its potential of having a wider positive impact on society.

## Discussion and policy implications

With an average NSGO index of 27%, the Cypriot sports federations achieve 'weak' scores on good governance. As mentioned, this average index across all dimensions makes Cyprus –in most cases - the 'negative outlier' across the examined countries in the NSGO project.

The democratic processes dimension appears to be the one that meets most of the basic indicators, something that explains why it received the highest - yet still low - score (39%) amongst the four examined dimensions. Most of the dimensions' basic indicators are ensured through some concrete clauses in the federations' statutes and internal regulations (e.g., clear procedures for electing board members (through the general assembly, on the basis of secret ballots etc.); quorum for the board; general assembly meeting at least once a year and so forth). Nevertheless, many of the NSGO's principles (and the indicators thereof) remain an 'unknown territory' for the Cypriot sports federations and it is what the necessary statutory changes should focus on. Indicatively, there is a need for the establishment of term limits for the board members, as well as the establishment of a nomination committee. Also, a much wider integration of key stakeholders (in particular the athletes as opposed to solely the coaches, which seems to be the case today) in the strategic planning would add value towards ensuring greater democratic processes.

As far as the transparency dimension is concerned, the low score (30%) is somehow unfortunate. This is because representatives of the sampled federations admitted that - even for more advanced indicators - they could have presented a much more 'transparent' picture as all information, documents and related material is 'handy' and possible to make available through their official website. As such, it is not an unwillingness to comply, but rather a lack of overall capacity (personnel, technological means etc.) that prevents them from doing so. Characteristically, it is worth mentioning that one mid-size sports federation (outside the sampled ones for the NSGO) does not even have its own webpage, and all basic information is hosted on one of the sports club's (perhaps the largest one in that sport) website. Generally, it goes without saying that there is much room for improvement in that dimension; 'room that is easy and quick to fix'. It is believed that policy (e.g., register) on declaration of conflict of interests is essential as given the size of the country, such conflicts are not uncommon to occur; in fact, it is almost inevitable. Interestingly, it has been expressed by the majority of the sampled federations that having e.g. a sponsor as a board member that has close connections with the sport's specifics (i.e., selling bullets for shooting), would help the operational side of the federation in question a great deal. Those cases, however, it is extremely important for transparency reasons to be recorded and reported. What is more, reporting on risk assessments is missing altogether, thus actions on that front are also crucial. Provisions of technical assistance are already in place, as the CSO - through the new Code - has committed itself to design and offer templates (e.g., for conflicts of interests, risk assessment, as well as for strategic plans) to all



federations that lack capacity (personnel, knowhow etc.) to comply with these requirements.

For the internal accountability and control dimension too, the achieved score is low (33%). Cypriot sports federations failed to meet many of the basic indicators of good governance. Chief among them being the absence of a multi-annual strategic plan, which is a necessary tool for organisational performance (rather than conformance) and one of the most important duties/roles that the elected volunteer board members have. On a different note, the federations ensure basic supervision of the board by the general assembly, as well as having robust financial controls (not least by the CSO itself). However, given their size and overall capacity, the board members undertake loads of operational activities (i.e., does not restrict itself to establishing the strategy alone) rendering the relationship/separation of powers between the management/administration and the board somehow blurry (if not inexistent). As such, code of ethics and, as mentioned, robust conflict of interest procedures should be in place moving forward, aiming for higher standards of good governance.

As for the last dimension under examination, namely societal responsibility, the Cypriot sports federations seem to take no actions at all (5%). Those few actions undertaken is the result - almost exclusively - of the examined 'umbrella' organisation (i.e., the Cyprus National Olympic Committee), which, in turn, follows guidelines and 'recipes' from the IOC on certain issues that have been examined under this dimension (e.g., doping). Using an umbrella as a metaphor, addressing principles from the aforementioned three dimensions (i.e., democratic processes, transparency and accountability & control), federations can protect themselves against heavy rainfalls (i.e., pressures and/or criticisms from different stakeholder groups on the way these federations operate). Put differently, embracing the umbrella's protective and deflective abilities. Nevertheless, the umbrella can also be used 'upside down' in order to collect and integrate goodwill; this is what actions in and around the societal responsibility dimension can offer (e.g., dual careers; collaboration with universities for research and training; environmental-related actions etc.). As mentioned, such a proactive and strategically-oriented perspective is missing altogether in the context of the Cypriot national sports federations.

Against this background, it is expected that with the introduction of the first Code, the picture on good governance issues in the sporting environment of the Republic of Cyprus will start getting better (that is, 'greener' as opposed to red and/or orange). This is because the Code is intended to soon be linked to allocation of funding to the sport federations, something that will - inevitably for their organisational performance and survival altogether) will lead them towards becoming more transparent in their internal functioning, more accountable to a wider range of stakeholders, more efficient (yet equally effective, as they currently are), even more democratic and with a practical sense of social responsibility.

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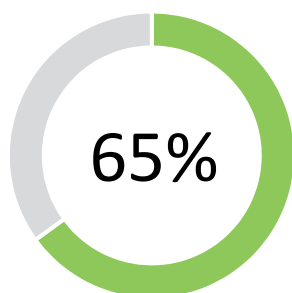
# NATIONAL SPORTS GOVERNANCE OBSERVER

## COUNTRY REPORT: DENMARK

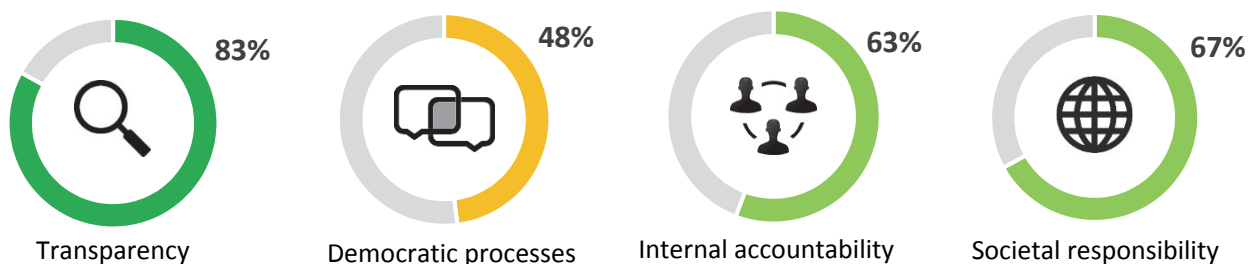
## Key results: Denmark

Figures 1, 2, and 3 show Denmark's main NSGO scores. Table 1 summarises the surveyed federations' principle scores by showing their corresponding labels.

**Figure 1: Denmark's overall NSGO index score**



**Figure 2: Denmark's scores on the four NSGO dimensions**



**Figure 3: The surveyed Danish sports federations' scores on the four NSGO dimensions**



See table 2 for the federations' full names.

**Table 1: The surveyed Danish federations' scores on the 46 NSGO principles**

	Principle	DAF	DBU	DHF	DIF	DTF	DTrIF	GymDK	SVØM
Transparency	1. Legal and policy documents								
	2. General assembly								
	3. Board decisions								
	4. Board members								
	5. Athletes and clubs								
	6. Annual report								
	7. Remuneration								
Democratic processes	8. Elections of board members								
	9. Policy for differentiated board								
	10. Nomination committee								
	11. Quorums								
	12. Term limits								
	13. Member representation								
	14. Regular board meetings								
	15. Athletes' participation								
	16. Referees' participation								
	17. Coaches' participation								
	18. Volunteers' participation								
	19. Employees' participation								
Internal accountability	20. Gender equality policy								
	21. Supervision of board								
	22. Board resignation procedures								
	23. Board eligibility rules								
	24. Clear governance structure								
	25. Supervision of management								
	26. Audit committee								
	27. Financial controls								
	28. Board self-evaluation								
	29. External audit								
	30. Code of conduct								
	31. Conflict of interest procedures								
	32. Complaint procedure								
	33. Appeal procedure								
Societal responsibility	34. Board meeting schedule								
	35. Governance consulting								
	36. Mitigating health risks								
	37. Combating sexual harassment								
	38. Anti-doping								
	39. Social inclusion								
	40. Anti-discrimination								
	41. Gender equality								
	42. Anti-match-fixing								
	43. Environmental sustainability								
	44. Dual careers								
	45. Sport for all								
	46. Athletes' rights								

Not relevant	Not fulfilled	Weak	Moderate	Good	Very good
	0-19 %	20-39 %	40-59 %	60-79 %	80-100 %

*By Jens Alm<sup>7</sup>*

## Overview

This chapter on Danish sports federations benchmarks seven Danish sports federations covering athletics, football, handball, gymnastics, swimming, tennis, and triathlon, as well as the umbrella organisation The National Olympic Committee and Sports Confederation of Denmark (DIF). The data collection began in June 2017 and interviews with a majority of the federations took place in January and February 2018. The eight federations had the opportunity to change, confirm and update the data until June 6 2018.

The combined average NSGO index of the Danish federations is 65%, which constitutes a 'good' score. In relation to the general index, the federations perform 'very well' within the transparency dimension, 'good' within the accountability and societal responsibility dimensions, and 'moderate' under the general index within the democracy dimension. Within some of the weaker areas, there are already initiatives initiated by a number of the organisations, partly in agreement with the government, in order to improve those areas. Section two describes the Danish sporting context, including the structure of the relationship between the government and the sports sector, and governance-related sports policies and regulations. The third section deals with the method of the Danish part of the study, while section four presents the results of the study. Finally, section five discusses the results.

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## Context

### Good governance culture

Today, recommendations on good governance are present in a wide range of sectors in Denmark. In 2001, the Committee on Corporate Governance by initiative from the Ministry of Industry, Business and Financial Affairs, introduced the first recommendations on corporate governance for publicly quoted Danish shareholder companies. Since then, the recommendations have undergone several revisions and the current recommendations entered into force on January 1 2018. According to the Committee, the objective of the recommendations is to support the creation of added value and responsible management and thereby contribute to the strengthening of the long-term competitiveness of the companies. Furthermore, the recommendations should help ensure trust in the companies (Committee on Corporate Governance, 2017).

In addition to good governance recommendations for Danish companies, recommendations on foundation governance aimed at Danish commercial foundations have existed since December 2014. These recommendations were also initiated by the Ministry of Industry, Business and Financial Affairs. The overarching aim of these recommendations is to enable the board of foundations to manage the objectives and interests of the fund and to do so in accordance with good practice for the supervision of commercial foundations (Committee on Foundation Governance, 2014).

Recommendations on good governance are also present in the cultural sector. In January 2011, the Danish Ministry of Culture's (hereinafter KUM) recommendations on good governance for self-governing cultural institutions [*selvejende kulturinstitutioner*] entered into force. The purpose of the recommendations is to strengthen boards and managements in relation to raising the quality of management and enable management to fulfil the responsibility required by the law and the decree. Moreover, the aim of the recommendations is also to support the grant recipients to execute publicly financed tasks in a professional, competent, and efficient way (KUM, 2011).

In addition to recommendations for independent cultural institutions, KUM has also developed recommendations for good governance of major culture events. The first version came in 2006 (KUM, 2006) and a revised version was released in 2017. The latter was a result of heavy criticism from the Danish national audit office and the State audits on cost overruns in connection with the organisation of the Eurovision Song Contest in Copenhagen 2014 (KUM, 2017a). In comparison to the financial and cultural sector, recommendations on good governance within the sports sector entered into force at a later stage. However, elements of good governance have with certainty been debated within the umbrella organisation, DIF, since the mid-1990's (Bang, 1997a, b; Mølholm, 1997a). In addition, since 2010, good governance has been a part of DIF's statutes and the 62 member federations of the umbrella organisation are obliged to implement a code of conduct (Mølholm, 2018).

## Sports system

Based on four parameters, Camy et al. (2004) have characterised four ideal typical sports policy systems (configurations): *bureaucratic*; *entrepreneurial*; *missionary* and *social* configurations. According to this division, the Danish sports system constitutes as a missionary configuration, and this system is characterised by:

“the dominant presence of a voluntary sports movement with great autonomy to make decisions. The state or regional authorities delegate it much responsibility for orienting the sports policy, even though they may become gradually involved in a contractual logic with it. The social partners have little presence, legitimacy belongs more to the voluntary managers than to employees; users rarely have the chance to adopt the position of consumer, and private entrepreneurs act on the fringes of the dominant system” (Camy et al., p. 53).

However, Denmark has not always had a sports policy system as described above. Although the umbrella organisation, DIF, for the first time ever, received a smaller government subsidy in 1903, the period from the mid-19<sup>th</sup> century up to the mid-20<sup>th</sup> is marked as a period with very little political involvement in sport (Ibsen & Eichberg, 2012).

The structure of the relationship between the government and the sports sector as we know it today, with great public support, but with autonomy, voluntarism and non-profit as leading pillars, began to develop with the expansion of the welfare state in the post-war years from 1945 and onwards (KUM, 2009). One of the key elements changing the structure was the introduction of the Lottery Act [*Tipsloven*] in 1948. As a result, the national sports organisations were granted annual financial support from the government for the first time. The funding came from the annual profit from the state-owned football pools, lotteries and betting games. The financing arrangement was set up so that neither the responsible minister nor the parliament had any influence on the annual amount directed to the sports organisations or the usage of the money (Ibsen & Eichberg, 2012). However, there was a possibility to regulate the amounts allocated to sports organisations if the lottery funds were significantly lower or higher than expected. This is still the case to a large degree for the main sports organisations, DIF, Danish Gymnastics and Sports Associations (DGI), and Danish Federation for Company Sport [*Dansk Firmaidrætsforbund, DFIF*]. Although the act regulating the financing of sport has been revised on several occasions since the introduction in 1948, it has in most cases created better conditions for the national sports organisations without seriously challenging the autonomy of sport (Ibsen & Eichberg, 2012).

One of the key elements in Danish sports policy, is that it is almost exclusively aimed at sport organised by associations and voluntary organisations (Ibsen & Eichberg, 2012). This is a general characteristic from the missionary configuration. However, in the Sports Political Roadmap [*Idrætspolitiske sigtelinjer*] from KUM in 2016, in addition to the emphasis on the associations-based sport, it is outlined that there should also be room for self-organised and commercial sport (KUM, 2016).



The majority of the national sports policy in relation to grassroots sport is based on a relationship of mutual trust between the government and the three national sports organisations DIF, DGI and DFIF. These organisations also play an essential and political role in several sport-related actions that are not addressed toward the associations (KUM, 2009). The public funding for sport has always been given according to the principle that the government has the responsibility for the overall financial framework for sport, while the organisations and associations account for the activities. Although comparatively large public funds are given to sport, state intervention and regulation is relatively small (Ibsen & Eichberg, 2012) and Danish organised sport is considered as an autonomous movement (Trangbæk, 2011). This corresponds with Henry (2009) who stresses, that governments within a missionary configuration to a great degree do not specify the direct outcomes of their funding of sport and that the sports sector is characterised by autonomy and relative independence from direct government pressure. Ibsen and Eichberg (2012) claim that the small political interference in Danish sport is based on institutional and cultural conditions. They emphasise that legislation, institutions and legitimations, that go way back in history, still have influence on current sports policies although major changes within sport have occurred. As a result, they stress that a number of institutional conditions, inter alia the legislation and number of officials within KUM working with sports related issues as well as the staff within the main sports organisations, DIF, DGI and DFIF, ‘protect’ a certain form for policy.

In terms of cultural conditions, Ibsen & Eichberg (2012) claim that there is a general political unwillingness to regulate sport. Although sports organisations receive a major part of their income through public funding, it is the dominant political view that the governance and the management of sport is a task for civil society. This is in line with Camy et al. (2004) who stress that the state within the missionary configuration delegates much of the responsibility to frame the sports policy. However, since the beginning of the 21<sup>st</sup> century, new legislation and initiatives from the government within the sports policy field mark a greater government involvement in sport - especially in terms of protecting the integrity of sport (see more below), but without really interfering with the autonomy of sport.

By reading the act on distribution [*Lov om udlodning af overskud og udbytte fra lotteri*], LOV nr. 1532 (hereinafter *LOV nr. 1532*) (KUM, 2017c), one gets a good idea about which major actors are present within the national sports policy field. As the main contributor of funds to national sports organisations and institutions, KUM holds an essential role within the national sports policy field. The sports organisations receiving most of KUM’s share of the revenues from Danish lotteries are DIF, DKK 298 million (40 million EUR) in 2018 and DGI, DKK 276.7 million (37.1 million EUR) (KUM, 2017c). DIF was founded in 1896 and consists today of 62 independent federations including inter alia the two federations included in our survey, DBU (football) and SVØM (swimming). The organisation governs both sport for all, elite sport and is responsible for the Danish participation at the Olympics in its capacity as the Danish NOC.

The other main organisation, DGI, exclusively governs sport for all. The organisation is an amalgamation of the Danish Gymnastics and Youth Clubs (DDGU) and the Danish Rifle, Gymnastics and Sport Associations (DDSG&I) in 1992. Rooted in the Danish countryside and the Danish Rifle Associations (DDS, founded in 1861), the DGI through its sporting activities has had a central role in Danish enlightenment politics in its shifting historical configurations (Hansen, 1995; Persson, 2008; Trangbæk, 1995). The third main sports organisations is the Danish Federation for Company Sport, DFIF. They received DKK 41.1 million (5.5 million EUR) from KUM in 2017 (KUM, 2017c). The aim of DFIF, founded in 1946, is to spread and support sport and health with the workplace as the natural focal point (DFIF, n.d.).

In addition to the organisations mentioned above, there are a couple of other actors on LOV nr. 1532 that are included in the national sports policy within specific policy fields. In terms of integrity in sport, Anti Doping Danmark (ADD), who receives DKK 24.7 million (3.3 million EUR) per year from KUM, plays an important role in the fight against doping and match-fixing. Team Danmark (TD), with a fixed grant from KUM of DKK 91.2 million (12.2 million EUR) per year, has a central role for the development of elite sport. Sport Event Denmark (SED) with DKK 24.2 million (3.2 million EUR) in funding on an annual basis from KUM, holds a significant position within the event area as they according to its statutes shall attract major international elite and sport for all events to Denmark (SED, 2015). Moreover, since its founding in 1994, the Danish Foundation for Culture and Sports Facilities has established itself as an influential actor in field of development and construction of sports and culture facilities with a fixed grant of DKK 83.8 million (11.2 million EUR) per year from KUM. Danish Institute for Sports Studies receives DKK 9.8 million (1.3 million EUR) in funding for informing the public sports debate by providing data and perspectives on national and international sports politics (KUM, 2017c).

One of the most important legal frameworks, embedding sports federations, is LOV nr. 1532. A revised act entered into force on January 1 2018. In relation to earlier legislation, the revised act gives the different beneficiaries a fixed grant from the revenue from Danish lottery games instead of a fixed percentage of the revenue. Moreover, the act divides the recipients in three groups:

- Group 1: The main organisations and associations with fixed operating grants (e.g. DIF and DGI)
- Group 2: Self-governing institutions, horse racing sport, cultural purposes and pools for sports purposes (e.g. TD, ADD and Danish Institute for Sports Studies)
- Group 3: Project funds to six ministerial remits (e.g. KUM, Ministry of Education and Ministry of Environment and Food) (KUM, 2017c).

The amounts distributed are regulated according to the consumer price index on an annual basis. The financial support for the organisations and institutions belonging to Group 1 and 2 constitutes a major part of their annual revenues. Almost 98 percent of DIF's annual income derives from the revenues of Danish lottery games (DIF, 2018b).

In addition to LOV nr. 1532, the order on financial and administrative matters of operating grants from KUM [*Bekendtgørelse om økonomiske og administrative forhold for modtagere af driftstilskud fra Kulturministeriet*], BEK nr. 1701 (hereinafter *BEK nr. 1701*) (KUM, 2010a), is of significance for the sports organisations that are grant beneficiaries of KUM. The sports organisations are obliged to follow chapter 4 and 6 of BEK nr. 1701. Chapter 4 contains regulations on how the organisations shall prepare:

- the budget
- the financial statements
- the auditing.

Chapter 6 includes common provisions on supervision, describing how KUM conducts a regular supervision of the grant beneficiaries, and when and how they carry out an intensified supervision.

Both LOV nr. 1532 and BEK nr. 1701 are general in such a way that they concern all sports organisations and institutions that are grant beneficiaries of LOV nr. 1532. Another, more specific one is the order on the elite sport act [*Bekendtgørelse af lov om eliteidræt*], LBK nr. 1155 (hereinafter *LBK nr. 1155*) (KUM, 2013). The current law is a revised version of the law on the promotion of elite sport that entered into force in 1985. In the act, that was revised in 2004, it is outlined what elite sports policy initiatives TD shall initiate, coordinate, and optimise in cooperation with DIF and the national sports federations and other relevant cooperation partners. Ibsen and Eichberg (2012) stress that more precise requirements of TD from KUM have replaced overarching and unprecise expectations that had been the case since the establishment of the organisation in 1985. Example of these more detailed demands are among others to:

- initiate training and instruction possibilities for elite athletes
- initiate counselling, research and dissemination
- provide educational opportunities for elite athletes (KUM, 2013).

In addition to elite sport, the integrity of sport is a policy field that has received increased governmental attention since the beginning of the 21<sup>st</sup> century (Ibsen & Eichberg, 2012). One side of this is doping. Until 2000, the fight against doping was largely a task solely for the sports organisations. However, with the adaption of the order on the law on the promotion of integrity in sport [*Bekendtgørelse af lov om fremme af integritet i idrætten*], LBK nr. 1168 (hereinafter *LBK nr. 1168*) in 2004, ADD became a self-governing public institution in charge of:

- conducting doping controls
- undertaking information activities
- supporting and initiating research
- advising public authorities on doping (Ibsen & Eichberg, 2012).

The fight against doping has also become a mandatory part of the major organisations' activities. In order to receive grants in accordance with the LOV nr. 1532, it is under the order on the promotion of integrity in sport [*Bekendtgørelse om fremme af integritet i idrætten*], BEK nr. 1466 (hereinafter *BEK nr. 1466*), a condition that TD, DIF, DGI and DFIF introduce and enforce regulation on doping control and sanctions in accordance with the rules established by WADA.<sup>8</sup> Moreover, according to the legislation, the above-mentioned organisations should make it a condition for sports associations or sports federations and individual athletes to comply with the doping regulations in order to receive grants (KUM, 2017b).

In addition to doping, the fight against manipulation of sports competitions [*Bekæmpelse af manipulation af idrætskonkurrencer*] has become a part of LBK nr. 1168. This aspect became a part of the legislation in 2016. As a result, a secretariat for the national platform for coordination of the fight against match-fixing became an integrated part of ADD's activities in January 2016. The establishment of a secretariat was a consequence of the Danish government signing the Council of Europe Convention on the Manipulation of Sports Competitions (CETS No. 215<sup>9</sup>). Among the tasks of the national platform are:

- to serve as an information centre, collecting and disclosing information to relevant organisations and authorities
- to coordinate the national fight against manipulation of sports competitions
- to transfer information on possible violations of both national legislation and disciplinary rules of sport to relevant authorities and organisations (ADD, 2016).

An additional element related to the integrity in sport that has received increased governmental attention with the entrance of the 21st century is the sexual abuse of minors. According to the legislation BEK nr. 289, sports associations, federations and other associations where there is a physical activity for the practitioner are obliged to obtain a criminal record disclosure from persons before they are hired or employed as coaches, instructors, or team officials for children under 15 years of age (KUM, 2015a).

## Governance-related sports policies and regulations

Although the Danish national sports policy system is recognised as a missionary configuration, where sports organisations have far-reaching autonomy, laws, and policies developed within KUM do have an impact on sports federations' governance. In addition to the above-mentioned legislation, BEK nr. 1701 from KUM is of significance (KUM, 2010a). The order defines for example that the annual report must contain a statement on the remuneration of the board and requirements in relation to accurate and clear payment categorisation. Moreover, it is outlined that a state authorised or registered accountant shall carry out the annual audit of associations that receive more than DKK 1 million (134.000 EUR) in operating grants from KUM.

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<sup>8</sup> Within the field of self-organised physical exercise rules can be enforced that depart from WADA's rules.

<sup>9</sup> See Council of Europe (2014)

Another example of legislation from KUM with importance for sports organisations, is the act on economic and administrative conditions for beneficiaries of operating grants from KUM [*Lov om økonomiske og administrative forhold for modtagere af driftstilskud fra Kulturministeriet*], LOV nr. 1531 (hereinafter *LOV nr. 1531*) (KUM, 2010b). The act stipulates that the statutes shall contain provisions on e.g. election and constitution of the board, and the association's accounts and assets, including the election of auditors and the authority to sign documents. The regulation also prescribes the board's responsibility in relation to the management and the management's scope of action. Moreover, the act also stipulates that the beneficiary should secure that information about the beneficiary's organisation and activities are easily accessible to the public. In the remarks to the legislative proposal, it is emphasised that such practice is already widespread, but now becomes obligatory (KUM, 2010c).

As mentioned above, it is a condition according to BEK nr. 1466 that DIF introduces and enforces regulation on doping control and sanctions in accordance with the rules established by WADA. Together with ADD, DIF has developed the document 'National Anti-Doping Rules'. This document outlines that both organisations work in accordance with the World-Anti Doping Code (ADD & DIF, 2015). Another regulation developed by KUM that impacts sports federations' governance is LBK nr. 1155. The act clearly defines the tasks of TD where some of the responsibilities explicitly aim to help athletes combine their sporting career with education or work (KUM, 2013).

In May 2014, all political parties in parliament agreed on the Political Voting Agreement on Sport [*Politisk stemmeaftale om idræt*] (KUM, 2014). The agreement came against the backdrop of a public inquiry conducted by KUM into the economy and structure of Danish sport.<sup>10</sup> One of the outcomes of the agreement was that the politicians should develop a "sports political roadmap" for their policy initiatives. In the beginning of 2016, the Sports Political Roadmap became public (KUM, 2016). The aim of the roadmap was to give an illustration of the government's sports policy priorities and wishes for efforts within the sports policy area.<sup>11</sup> The six sports policy aims are largely in line with what sports organisations already do or aim at carrying out, in some cases because the law prescribes so: E.g. the promotion and protection of integrity in sport including good governance and the fight against doping and match-fixing, and *sport for all* and the ambition of equal opportunities to practice sport. Therefore, it is difficult to establish whether the orientations developed by the parliament have or have not had any impact on the sports federations' organisation and activities. It is reasonable to believe, though, that the roadmap motivates the organisations to a continued focus on those aims.

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<sup>10</sup> See KUM, Idan & KPMG (2014)

<sup>11</sup> In the agreement from 2014, it is outlined that sports policy guidelines for sports policy initiatives shall be developed within KUM, Ministry of Environment (since June 2015 Ministry of Environment and Food), Ministry for Health and Prevention (since June 2015 Ministry for Health), Ministry for Children, Gender Equality, Integration and Social Relations (since June 2015 Ministry for Children and Social Affairs) and Ministry of Education. In addition, it was announced that there should be a coordination with Ministry for Business and Growth (since June 2015 Ministry of Industry, Business and Financial Affairs).

Moreover, broader framework agreements [*Rammeaftaler*] are entered between KUM and each beneficiary of LOV nr. 1532. Such agreements work as a governance tool used to ensure that public funds are used as intended. Normally, the agreements extend over a four-year period, broadly defining the tasks that the annual grants will be used to realise. All organisations and institutions need to report on the achievements of the agreed goals as a part of the annual report (KUM, n.d.). In relation to DIF, the agreement extends from 2014 and 2018 and in short, the agreed goals are related to:

- sport for all
- diversity
- integrity in sport
- the public school reform
- elite sport (KUM, 2015b).

In DIF's 2017 annual report, they outline inter alia that the board of the organisation has continuously discussed and focused on diversity (DIF, 2018b). DIF has developed a diversity strategy with the aim to promote the representation and participation of women as athletes, coaches and leaders. According to its annual report and website, the umbrella organisation has partially met the aim of a higher degree of diversity during 2017 (DIF 2018b, c).

## Methods

There are 62 individual sports federations organised under the umbrella organisation DIF. A sample of seven single sports federations and the umbrella organisation DIF - was selected in accordance with the standardised NSGO methodology. Together, the sample comprises the five compulsory sports and three recommended types of federations. The five compulsory sports were selected based on historical importance with regard to the Olympic Games and the general importance in Europe: the Danish Athletic Federation (*Dansk Atletik Forbund, DAF*); the Danish Football Association (*Dansk Boldspil-Union, DBU*); the Danish Handball Federation (*Dansk Håndbold Forbund, DHF*); the Danish Swimming Federation (*Dansk Svømmeunion, SVØM*); and the Danish Tennis Federation (*Dansk Tennis Forbund, DTF*).

In addition to being Olympic sports with a general European importance, these five sports also have a significant importance in Denmark. DBU, DHF and SVØM are among the federations with the most members and clubs (DIF, 2018a). In addition to these five sports, three additional sports were included: the Danish Gymnastics Federation (*Danmarks Gymnastik Forbund, GymDanmark*); the Danish Triathlon Federation (*Dansk Triathlon Forbund, DTriF*) and the umbrella organisation itself, the National Olympic Committee and Sports Confederation of Denmark (*Danmarks Idrætsforbund, DIF*).

The sample could have been more balanced, as it only includes one small federation (triathlon), three mid-size federations (athletics, gymnastics and tennis) and four large federations (football, handball, swimming and umbrella organisation) when using the project's size definition based on the number of employees within the organisations. However, based on number of members, the chosen federations represent almost half of the total number of members under DIF. Together, the seven sports cover 920.271 individual members, which constitutes 48 percent of the total number of members within DIF (DIF, 2018a).

**Table 2: Sport, official name, and official acronym of sample federations**

Sport	Official name	Official acronym
Athletics	Dansk Atletik Forbund	DAF
Football	Dansk Boldspil-Union	DBU
Gymnastics	Danmarks Gymnastik Forbund	- (*GymDK)
Handball	Dansk Håndbold Forbund	DHF
Swimming	Dansk Svømmeunion	SVØM
Tennis	Dansk Tennis Forbund	DTF
Triathlon	Dansk Triathlon Forbund	DTriF
Umbrella organisation	Danmarks Idrætsforbund	DIF

\*GymDK is not the official acronym, but the unofficial abbreviation used in figures and tables

In relation to the data collection, the Danish part of the study did not completely follow the standardised NSGO data gathering process. Phase one (selecting and contacting) was not

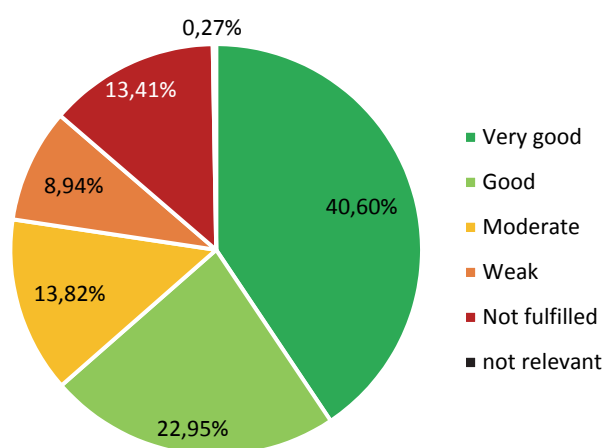
carried out simultaneously. The selection of federations was made in May 2017 while the contact to the federations was established in September 2017. Phase two (data gathering and preliminary scoring) was carried out in June 2017. Phase three (feedback), phase four (second preliminary scoring), phase five (final feedback), and phase six (final scoring) were conducted from January until March 2018. Phase two was conducted by a single researcher while phase three was carried out by another researcher. In May 2018, all federations were given a final opportunity to notify the researchers about changes in the governance structures since January/February 2018. The football, gymnastics and umbrella federations provided final feedback.



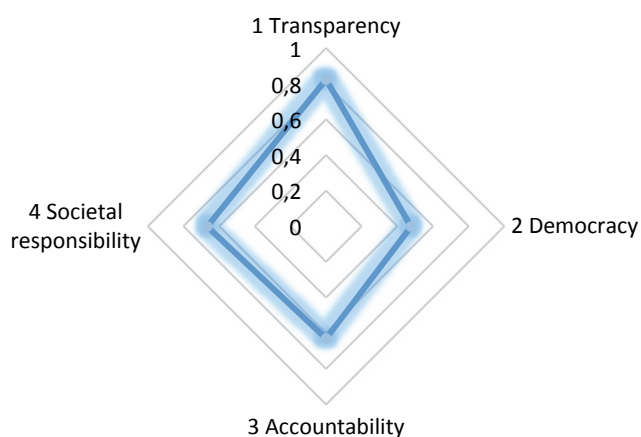
## Results

The dashboard in the beginning of the chapter graphically summarises the results. It demonstrates that the Danish NSGO index is 65%, which corresponds to the label 'good'. The Danish NSGO transparency dimension scores the highest of the four, namely 83% ('very good'). The Danish NSGO societal responsibility and accountability dimensions are 'good' and stand at 67% and 63%, respectively. The Danish NSGO democracy dimension is 'moderate' with a score of 48% and consequently the lowest of the four dimensions.

**Figure 4: Overview Danish results – principles**



**Figure 5: Overview Danish results – dimensions**



### Dimension 1: Transparency

The transparency dimension is the strongest one of the four dimensions for the Danish federations and the federations have a general score of 83%. Out of 42 indicators, all seven federations comply with 22 of them. The federations are *inter alia* very good in disclosing key documents on their websites and:

- all federations publish their statutes on their websites and they are retrievable through the home pages.

- all federations publish their multi-annual policy plan on their websites and they are retrievable through the home pages.
- all federations publish their annual report on their websites and they are retrievable through the home pages.
- all federations publish their three latest annual reports on their websites and they are retrievable through the home pages.
- all federations publish their minutes from the general assembly on their websites and they are retrievable through the home pages.

According to Geeraert (2017), the publication of these key documents allows stakeholders to monitor core aspects of the organisation's governance. However, it is important to underline that the above indicators and the ones that all federations comply with are *basic* indicators – meaning that they constitute a minimum standard for good governance and that all federations should have the capacity to fulfil these. Within the transparency dimension, only 6.4<sup>12</sup> and 6.10<sup>13</sup> are advanced indicators - advanced indicators are costlier and more demanding to implement for the federations compared to the basic ones. Therefore, they only apply to mid-size to large federations and as a result, the Danish Triathlon Federation as the only small federation does not need to comply with these indicators. However, overall the results for the two advanced indicators are high:

- Most federations (86%) establish formal procedures that ensure timely and accurate reporting within the framework of the annual report.
- A majority of the federations (74%) explore in the latest annual report the risks the organisation faces and how it aims to control them.

Although the Danish federations score high within the transparency dimension, there are some indicators implying that there is also room for improvement:

- None of the federations provide in the latest annual report an (anonymised) overview on the declarations of conflicts of interest and the decisions in which conflict of interest were involved.
- A minority of the federations (25%) list the start and end date of the mandate for each member of the board.
- The same number of federations (25%) state the duration and number of previous mandates of board members.
- Only a small minority provide (13%) biographical information about individual board member; including their professional background.
- The same number of federations (13%) provide information on other positions in sports organisations held by the board members.

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<sup>12</sup> Did the board establish formal internal procedures that ensure timely and accurate reporting within the framework of the annual report?

<sup>13</sup> Does the latest annual report explore the risks faced by the organisation and how it aims to control these risks?

According to Geeraert (2017), the publication of biographical information of the board members enables external scrutiny of the quality and performance of the senior officials. However, although there is a common lack of information, the above-mentioned shortcomings are not structural, and changes could be made without approval from stakeholders and at no particular cost. Just like the principles with the highest average scores, those indicators with lowest scores are *basic* and something all federations should have the sufficient capacity to implement.

Even though there are some gaps in relation to biographical information for the board members, the area of remuneration is prominent:

- All federations include in their latest annual report a statement on remuneration.
- Within all federations, the remuneration reports include a separate statement on the remuneration of the board members, including any fringe benefits, in an anonymous or aggregated way.
- Within all federations, the remuneration reports include a separate statement on the remuneration of the management, including any fringe benefits, in an anonymous or aggregated manner.

The above information is of significance and Geeraert (2017) stresses that the reporting on both remuneration of board members and management and the process of salary-setting, create trust and have a deterrent effect against self-dealing.

## Dimension 2: Democratic processes

The democratic processes dimension is the dimension where the Danish federations perform the worst. The overall index is 'only' 48%, which is defined as 'moderate'. Out of 55 indicators within the dimension, all federations comply with seven indicators among which only one (12.2)<sup>14</sup> is advanced:

- All federations have a general assembly that represent the organisations' affiliated members either through direct or indirect representation.
- All federations have a general assembly that takes place on an annual basis.
- All federations have election rules on people qualified to vote; the majority or percentage needed to win the election and, where applicable, weighting of votes; quorum; and election rounds.
- All federations have regulations establishing procedures making it possible to convene emergency or extraordinary meetings.
- All federations have regulations containing procedures for the appointment and reappointment of the members of the board.

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<sup>14</sup> Does the organisation implement a phased schedule for the retirement of board members, establishing that only a proportion of the members is replaced every time (guaranteeing the continuity of the board)?

The federations have structures for the general assembly in place. According to Geeraert (2017), this gives the members and other relevant stakeholders the opportunity on a yearly basis to scrutinise the financial accounts and past and future strategies and give input to decision-makers. Moreover, in addition to the general compliance within principle 13 there are some other positive highlights within the dimension. Although not all federations comply with the indicators, there are both basic and advanced indicators where the scores are significantly above the general NSGO democratic process dimension score of 47%. This concerns inter alia:

- A great majority of the federations (88%) have rules governing elections to ensure that the general assembly directly elects the majority of the board members.
- Several of the organisations (88%) have defined a quorum in its statutes or internal regulations for the board.
- A majority of the organisations' (88%) internal regulations establish the [board] meetings' proceedings.
- Within a large majority of the federations (88%), the internal regulations establish the procedures for adoption of decisions [on the board].
- A vast majority of the federations (71%) undertake actions aimed at promoting gender equality internally.
- In a majority of the organisations, (63%) athletes are formally represented within the organisation.
- In the same number of federations (63%) the multi-annual policy plan is adopted in consultation with athletes.
- In more than half of the organisations (63%), they undertake other actions aimed at involving athletes in its decision-making procedures.

In addition to athletes, some organisations also include other stakeholders in the participatory process:

- A small majority of the organisations (57%) undertake actions involving coaches in its decision-making procedures.
- The same number of the federations (57%) undertake actions involving volunteers in its decision-making procedures.
- One-half of the organisations (50%) have a formal policy that outlines objectives and specific actions aimed at involving its employees in its policy processes.
- Three quarters of the federations (75%), have adopted its multi-annual policy plan in consultation with the employees.
- A vast majority of the organisations (88%) undertake other actions formally or informally involving employees in its decision-making procedures.

Here it is of significance to mention that some stakeholders have greater and/or lesser relevance for some organisations than others. The perceived relevance could be an explanation why certain organisations choose to engage certain stakeholders but leave others out.

However, on a general level, Geeraert (2017) stresses that the involvement of stakeholders improves the effectiveness and the legitimacy of policies. He emphasises that stakeholder inclusion in the policy process is of significance as various stakeholders provide specialised knowledge. Furthermore, they come to see policies as their own and as a result, the stakeholders are more likely to comply. Although there are some frameworks in place within the organisations to include different stakeholders in the participatory process, there is also some room for improvement in terms of diversity:

- Less than half of the organisations (38%) have a formal policy outlining objectives and specific actions to encourage equal access to representation for women and men in all stages of the decision-making process.
- Only a minority (13%) implement gender sensitive procedures for identifying candidates for positions awarded as part of electoral procedures.
- Only a minority (14%) implement gender sensitive procedures for identifying candidates for positions awarded as part of human resources policies.

Geeraert (2017) underlines that gender equality contributes to fairness and thereby legitimacy. He also stresses that gender equality contributes to diversity, which has a positive impact on performance and emphasises that the lack of gender-sensitive procedures increases the risk that one gender is overrepresented.

In case of the benchmarked Danish federations, all except one have an overrepresentation of men on their boards. This is true even though a great majority of the federations undertake actions aimed at promoting gender equality internally (71%). Thus, there is still a way to go before a majority of the surveyed federations achieve the overall aim from DIF to have a 70/30 representation within the boards (DIF, 2018d).

Moreover, when it comes to the composition of the board and the implementation of nomination committees, there are also some weaknesses in the Danish federations:

- None of the boards have a document establishing desired profile of each board function.
- Only a minority of the organisations (13%) establish in their statutes or internal regulations a nomination committee that oversees the (re-)election process of the board.

According to Geeraert (2017), profiles for board positions assist organisations in their search for suitable candidates. They enable a differentiated and balanced composition of the board, which helps organisations to realise their purposes. In terms of a nomination committee, Geeraert (2017) stresses that this kind of committee helps the federations to ensure that elections take place according to established procedures and assists them in finding suitable candidates when vacancies occur.

Within the Danish sporting context there are no common institutional (regulations or policies) nor cultural (traditions and practices) frameworks for nomination committees.

This is in contrast to Norway (NIF, n.d.) and Sweden (RF, 2015), where such frameworks are normally present, even if the sports systems in the both countries, as in Denmark, represent a missionary configuration (Henry 2009).

In Denmark, background and competences are regarded as being of some significance, but not crucial in relation to other characteristics, and there is no tradition of having specified a desired profile of each board function.

In comparison to the transparency dimension, there is not the same degree of similarities between federations within the democratic process dimension. However, some similarities are present as is the case with the lack of nomination committees where many indicators within the principle get a low score. Moreover, another principle which shows similarities, is principle 12:

- All federations have a phased schedule for the retirement of board members, establishing that only a proportion of the members is replaced every time.
- All federations have held board meetings at least five times during the past twelve months.
- Only one of the organisations has established term limits for board members within their statutes.

Term limits remedy high rates of re-election stemming from incumbent advantages. Geeraert (2017) states that they prevent the monopolisation of power to ensure that office holders do not lose touch with their constituents and that elections provide new ideas and strategies for solving existing and upcoming problems. The same arguments appear in the Danish FA political commission's report from February 2017 (DBU, 2017). In the report, destined to suggest reforms of the political structure within Danish football, the commission *inter alia* proposes the implementation of term limits within the Danish FA. Just over a year after the proposals were made, in March 2019, the Danish FA decided to propose term limits at the general assembly. Board members and vice president now have a term limit of 12 years while the president has an additional 12 years as term limit (DBU, 2018).

### Dimension 3: Internal accountability and control

The internal accountability and control dimension consists of 89 indicators of which all surveyed federations comply with 25 of them. The general NSGO index score for the dimension is 63%, which constitutes the score 'good'. One of the principles where the federations show the highest score is principle 23 where:

- a vast majority of the federations (88%) define in their statutes those circumstances in which, due to serious conflict of interest, a person is ineligible to serve as a member of the board.
- none of the federations allow serving board members to be employed by a company with commercial relationship with the organisation, member of the organisations' judicial body or serve as national politician.

- all federations establish in their statutes that a person who is member of a judicial body within the organisation cannot serve as a board member.

According to Geeraert (2017), conflicts of interest arise when board members decide about certain actions or businesses, which directly or indirectly have the potential to benefit them. He states that conflicts of interest are often unavoidable, yet people with certain backgrounds, e.g. sponsors or judicial body members are subjects to particularly high conflicts of interest risks. Against this backdrop, it is therefore positive that a majority of the Danish federations have solid regulations in place in the area.

Moreover, the Danish federations also show high results within the area of financial control system - an area where such regulations need to be in place in order to prevent fraud, embezzlement, and the misallocation of funds:

- All federations have internal regulations establishing a system, in which agreements or payments on behalf of the organisation must be signed by at least two persons.
- All federations have internal regulations establishing a separation of duties, so that the same person cannot both initiate and approve payments.
- All federations have internal regulations establishing that the same person cannot receive, record, and deposit funds.
- All federations have internal regulations establishing a requirement for accurate and clear payment.

In addition, the Danish federations generally have a clear governance structure according to the principle of separation of powers, which according to Geeraert (2017) prevents a single person or entity from monopolising power. Therefore, it is positive that:

- all federations' statutes define key positions on the board, including those of the president and at least one other position.
- a majority of the federations (63%) establish in their statutes or internal regulations that the board determines the organisation's general policy.
- all federations' statutes or internal regulations establish that the board has the final authority over the organisation's budget and finances.
- a vast majority of the federations (88%) establish in their statutes or internal regulations that the management is tasked with defining the organisation's operational policy.
- most of the federations (88%) define in their statutes or internal regulations the purpose of each standing committee.
- the same number (88%) define in their statutes or internal regulations the delegated tasks of each standing committee.
- three quarters of the federations (75%) define in their statutes or internal regulations the composition of each of the standing committees.
- a small majority (63%) define in their statutes the report requirements of each of the standing committees.

Overall, the presence of a code of conduct is also an area where the federations score well. Code of ethics are self-imposed internal norms that define and highlight unacceptable behaviour. Therefore, it is encouraging that:

- all organisations have a code of conduct that applies to board members, management and staff.
- in a large majority of the organisations (75%), the code of conduct pertaining to board members, contains a general obligation to act with integrity.
- in more than half of the federations (63%), the code of conduct pertaining to board members, contains rules on expenses.
- in all organisations the code of conduct pertaining to board members, contains rules on conflicts of interest.

However, there is room for improvement within the code of conduct:

- In only a minority of the federations (25%) the code of conduct pertaining to board members contains rules on accepting gifts.
- In just more than a third of the organisations (38%), the board has taken steps during the past twelve months to ensure that all relevant stakeholders are notified of the contents of the code and understand it.

Moreover, procedures that settle the premature resignation of board members ensure, according to Geeraert (2017), that underperforming or unethical board members need to withdraw between elections. However, there are some gaps within the federations in relation to the premature resignation of board members.

Here is some room for improvement:

- None of the organisations have internal regulations establishing procedures regarding the premature resignation of board members in case of repeated absenteeism in spite of warning.
- Only a minority of the federations (25%) have internal regulations establishing procedures regarding the premature resignation of board members in case of conflicts of interest.
- Only a minority of the organisations (25%) have internal regulations establishing procedures regarding the premature resignation of board members in case of malfunctioning.
- Just over a third of the organisations (38%) have internal regulations establishing procedures regarding the premature resignation of board members in case of unethical conduct.

Geeraert (2017) stresses that it is essential that the general assembly oversees the board properly as a clear separation of powers, and checks and balances safeguard that a federation's internal bodies motivate, control, and inspire each other. Within this area there are some gaps within the Danish federations:



- In just over one third of the organisations (38%), the general assemblies approved a multi-annual policy plan.
- Within a minority of the organisations (25%), the multi-annual policy plans include a long-term financial planning.
- Within only one federation (13%), the general assembly has approved an annual policy plan in the last twelve months, which is based on the multi-annual policy plan.
- In just a fourth of the federations (25%), the general assemblies have approved an annual budget based on the long-term financial planning the last twelve months.

However, there are some positive highlights:

- A majority of the federations (75%) outline in their multi-annual policy plans specific objectives and envisioned actions.
- All federations have internal regulations establishing that the general assembly approves the annual financial statements.

Moreover:

- A vast majority of the organisations' (88%) boards have a document outlining an annual meeting schedule, which:
- In 88 % of the federations includes a meeting on the budget.
- In 75% includes a meeting on the financial statements.
- In 75% includes a meeting on the policy plan and the annual report.
- In 88% includes a meeting on the preparation of the general assembly.

However, there are some room for improvement:

- Within only a fourth of the federations (25%), the meeting schedule includes a meeting on the annual self-assessment.
- Within a minority of the organisations (13%), the meeting schedule includes a meeting on the appraisal of management.

To have a well-functioning meeting schedule is of significance as a work plan according to Geeraert (2017), and matching meeting schedules improves the efficiency, effectiveness and transparency of the board.

## Dimension 4: Societal responsibility

The societal responsibility dimension consists of 12 principles and 88 indicators. Out of these 88 indicators, 49 are basic, 38 are advanced and one is state-of-the-art. All Danish federations comply with 29 of the 88 indicators - 10 of them are advanced while the remaining are basic. The general Danish NSGO index score for the dimension is 67%, which constitutes the score 'good'.

One of the areas within the societal responsibility dimension is 'consulting of management or governance'. Geeraert (2017) states that sports federations are in a good position to improve the capacity and expertise of their member associations in the areas of management or governance through their capacity to engage in cooperative processes with its members and other relevant organisations. The Danish federations utilise this position:

- All federations have a designated staff member who formally acts as a single point of contact and is responsible for all matters related to management and/or governance consulting.
- All organisations provide some form of consulting to member organisations in the areas of management or governance through knowledge transfer.
- In all organisations, this consulting includes the organisation of workshops and training sessions.
- In a vast majority of the organisations (88%), this consulting includes tailored (one-to-one) advice.

According to Geeraert (2017), sports federations constitute a fundamental chain in the international anti-match-fixing regime through their capability to issue disciplinary rules, raise awareness, and participate in cooperative actions with its members, gambling authorities, and other relevant organisations. Within the area of match-fixing, the Danish federations also have high scores:

- A large majority of the organisations (86%) have a designated staff member who formally acts as a single point of contact and is responsible for all matters regarding match-fixing issues.
- All organisations implement disciplinary rules to combat match-fixing.
- In all organisations, the rules include provisions for banning any member of the federation placing a bet in youth leagues and a competition or match that he/she may (in)directly influence.
- In all organisations, the rules include provisions for banning any member of the federation spreading confidential information that may reasonably be expected to be used in the framework of a bet.
- In all organisations, the rules include provisions establishing the obligation for every member of the federation to report any request to unduly influence competitions or matches to the federation.
- In all organisations, the rules include provisions establishing the procedure for punishing any violations of the above rules.

Danish federations also focus in cooperation with TD on the athletes' opportunities of a dual career. According to Geeraert (2017), elite athletes face serious difficulties in combining their sporting careers with education or work. Sports federations are in a good position to support the dual career of athletes through their capability to raise awareness, organise events, and participate in cooperative actions with its members and other stakeholders of relevance. Just like within the match-fixing area, this is an area where the Danish federations in general have high scores:

- A vast majority of the organisations (86%) have a designated staff member who formally acts as a single point of contact and is responsible for all matters regarding dual careers.
- The same majority of federations (86%) undertake actions aimed at promoting the exchange of best practices on dual careers with its member organisations.
- All organisations undertake other actions aimed at promoting and supporting the inclusion of the concept of dual careers in the activities of its member organisations.
- All organisations cooperate with other organisations with a view to helping athletes combine their sporting careers with education or work.

All federations have strategies to deal with specific challenges within sport and all federations have strategies outlining objectives and specific actions aimed at:

- consulting its member organisations in the areas of management or governance
- combating sexual harassment
- preventing, detecting and combating doping practices
- combating match-fixing
- promoting environmental sustainability
- helping athletes combine their sporting career with education.

However, although the federations have good intentions and carry out specific actions in order to solve specific problems and challenges within sport, they fail to carry out evaluations of their activities:

- Only half of the organisations (50%) have carried out an evaluation of the impact of its relevant actions within the areas of management and governance.
- A minority of the federations (13%) have carried out an evaluation of the impact of its relevant actions aimed at combating sexual harassment in sport.
- A minority of the federations (13%) have carried out an evaluation of the impact of its relevant actions aimed at preventing, detecting and combating doping practices.
- One fourth of the organisations (25%) have carried out an evaluation of the impact of its relevant actions aimed at combating match-fixing.
- A minority of the organisations (13%) have carried out an evaluation of the impact of its relevant actions aimed at promoting environmental sustainability of sporting activities.
- About one third of the federations (38%) have carried out an evaluation of the impact of its relevant actions aimed at helping athletes combine their sporting career with education or work.

On a general level, the federations cooperate with other organisations in order to tackle specific issues within the sporting area. The cooperation normally runs between the umbrella organisation DIF and the federations, except for dual careers that is mostly a responsibility of TD:

- All organisations cooperate with other organisations with a view to combating sexual harassment in sport.
- A vast majority of the federations (86%) cooperate with other organisations with a view to improving the social, cultural, educational or psychological circumstances of marginalised and/or fractured communities through sport.
- A large majority of the organisations (88%) cooperate with other organisations with a view to combating discrimination in sport,
- All organisations cooperate with other organisations with a view to helping athletes combine their sporting career with education or work.
- All organisations cooperate with other organisation with a view to promoting sport for all.

According to Geeraert (2017), the practice of sport and the organisation of sports events often result in environmental degradation. He stresses that sports federations are often in a good position to promote environmental sustainability in sport because of their capability within the sporting sector to implement specific sustainability regulations, raise awareness, organise sustainable events, and participate in cooperative actions with its members and/or other stakeholders of relevance. The area of environmental sustainability is an area where the federations in general do not perform as well as in other areas:

- Half of the organisations (50%) have a designated staff member who formally acts as a single point of contact and is responsible for all matters regarding promoting environmental sustainability.
- Just over a third of the federations (38%) undertake actions aimed at promoting the exchange of best practices on environmental sustainability among its member organisations.
- The same number (38%) undertake other actions aimed at promoting the environmental sustainability of sporting activities.
- Less than a majority of the federations (43%) undertake other actions (not related to the exchange of best practices) aimed at promoting the environmental sustainability of sport activities.

## Discussion and policy implications

With an average NSGO index score of 65%, the Danish sports federations perform well on good governance on a general level.

With regards to transparency, the Danish federations score 'very good' on a general basis. This is partly due to well-established norms in Danish society, but also to public pressure and political regulation after controversies about the spending of DIF and DGI, the two largest umbrella organisations, in 1996-1997.

Following these affairs, there has been openness in relation to the remuneration of the umbrella organisation's board members (Mølholm, 1997b). The Act on Economic and Administrative Conditions for Beneficiaries of Operating Grants from KUM also stipulates that the organisations, as beneficiaries of grants from KUM, should secure that the activities of the organisations are easily accessible for the public. This has possibly had an impact on the transparent practice within the federations. Although the Danish federations generally show a high score in transparency, there is room for improvement. Information about its board members' biographies and backgrounds, and declarations of conflicts of interests are such areas where the federations should devote specific attention.

Concerning democracy, the federations have structures for the general assembly in place and this applies to the boards as well. Furthermore, athletes and employees are to a great degree included in the participatory process. Nevertheless, there are areas within the dimension where the federations could improve. Such areas are for example the implementation of nomination committees, the general lack of gender sensitive procedures, and term limits. The assumed reason why there is a general lack of nomination committees is the lack of traditions and regulations in Danish sport. The implementation of a nomination committee could perhaps, in addition to gender sensitive procedures provide a solution to another issue – diversity on the boards. In the framework agreement between KUM and DIF, one of the agreed goals is equality (DIF, 2018c). Within some of the agreements between DIF and the individual federations, there are strategies to include more women on the boards. The inclusion of a diversity strategy within the strategy framework and other activities indicate that both DIF and the federations are aware of the lack of diversity, and that they have an intention to change this.

These intentions have been expressed clearly for more than 25 years with little result. The future will show if these strategies are successful and if the Danish federations have the possibility to achieve the same proportion of women on the boards as corresponding federations have in Norway and Sweden where, interestingly, the implementation of nomination committees is common in sports governance. Regarding term limits, the Danish FA is the only surveyed federation that has implemented term limits for its board members. Maybe DBU, as the largest individual federation, could be an inspiration for other federations to implement such structures.

Just like transparency, elements regarding internal accountability and control have been a subject of discussion since the 1990s in Denmark. Both through own initiatives within the DIF movement and by initiatives initiated by government agencies (Bang, 1997b, c; Mølholm, 1997a).

In addition, there are also regulations from KUM in place that could explain why the federations score high in for example responsibilities and competences delegated to the management, the review of the financial statements and accounting records by an independent and officially approved auditor, and the requirement for accurate and clear payment categorisation and descriptions in the financial accounts.

However, there are areas without regulations from neither the sport nor KUM and where the Danish federations have a possibility to improve. Rules and structures in relation to premature resignation of board members and rules on gifts are such examples.

Finally, in relation to societal responsibility there have also been activities and discussions since the 1990s within those areas where the Danish federations score well, e.g. policies promoting environmental sustainability and dual careers, (Bang, 1997c, d; Milling, 1997). Therefore, it is not surprising that the federations generally score high and have strategies outlining objectives and specific actions aimed at promoting environmental sustainability and policies outlining objectives and specific actions aimed at helping athletes combine their sporting career with education or work. Within the area of dual careers and the fight against match-fixing and doping there is also legislation in place, securing that the federations are working with those issues.

In addition, e.g., sport for all and integrity in sport are agreed goals within the framework agreement between KUM and DIF. Dual careers as well as activities against match-fixing and doping are also areas where the federations achieve high scores. Although many policies are in place and activities initiated, a majority of the federations fail to carry out evaluations of these actions. Furthermore, there are also opportunities for improvement within the area of sustainability, despite the fact that it has been on the agenda for many years. Primarily, it relates to actions aimed at promoting the exchange of best practices on environmental sustainability among its member organisations and other actions aimed at promoting the environmental sustainability of sporting activities.

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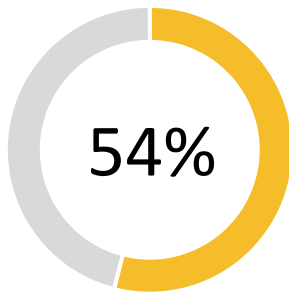
# NATIONAL SPORTS GOVERNANCE OBSERVER

## COUNTRY REPORT: FLANDERS, BELGIUM

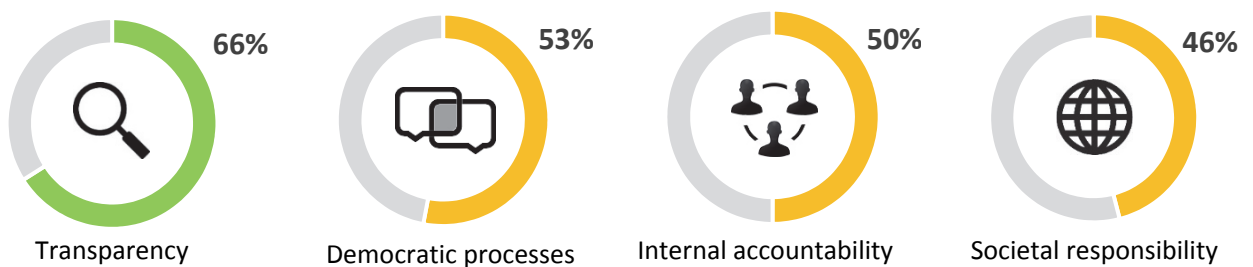
## Key results: Flanders, Belgium

Figures 1, 2, and 3 show Flanders' main NSGO scores. Table 1 summarises the surveyed federations' principle scores by showing their corresponding labels.

**Figure 1: Flanders' overall NSGO index score**



**Figure 2: Flanders' scores on the four NSGO dimensions**



**Figure 3: The surveyed Flemish sport federations' scores on the four NSGO dimensions**



See table 3 for the federations' full names.

**Table 1: The surveyed Flemish federations' scores on the 46 NSGO principles**

	Principle	VZF	VHV	VAL	Triatlon VI.	Gymfed	Voetbal VI.	VSF	Tennis VI.
Transparency	1. Legal and policy documents								
	2. General assembly								
	3. Board decisions								
	4. Board members								
	5. Athletes and clubs								
	6. Annual report								
	7. Remuneration								
Democratic processes	8. Elections of board members								
	9. Policy for differentiated board								
	10. Nomination committee								
	11. Quorums								
	12. Term limits								
	13. Member representation								
	14. Regular board meetings								
	15. Athletes' participation								
	16. Referees' participation								
	17. Coaches' participation								
Internal accountability	18. Volunteers' participation								
	19. Employees' participation								
	20. Gender equality policy								
	21. Supervision of board								
	22. Board resignation procedures								
	23. Board eligibility rules								
	24. Clear governance structure								
	25. Supervision of management								
	26. Audit committee								
	27. Financial controls								
	28. Board self-evaluation								
	29. External audit								
	30. Code of conduct								
	31. Conflict of interest procedures								
	32. Complaint procedure								
Societal responsibility	33. Appeal procedure								
	34. Board meeting schedule								
	35. Governance consulting								
	36. Mitigating health risks								
	37. Combating sexual harassment								
	38. Anti-doping								
	39. Social inclusion								
	40. Anti-discrimination								
	41. Gender equality								
	42. Anti-match-fixing								
	43. Environmental sustainability								
	44. Dual careers								
	45. Sport for all								
	46. Athletes' rights								

Not relevant	Not fulfilled	Weak	Moderate	Good	Very good
	0-19 %	20-39 %	40-59 %	60-79 %	80-100 %

## Overview

This chapter on Flemish sports federations benchmarks the Flemish umbrella federation and the federations responsible for swimming, handball, athletics, triathlon, gymnastics, football, and tennis. Data was gathered from July to October 2017 and in May 2018.

The average NSGO index of the Flemish federations is 54%, which constitutes a moderate score. This chapter finds that the federations achieve good scores in certain areas, while lagging behind in others. Intriguingly, they appear to score particularly high in those areas where the government has implemented supportive or regulatory policies. The next few years are expected to see significant progress, as the Flemish government implemented a code and made a proportion of the federations' funding dependent upon meeting minimum criteria of good governance in 2017. This code covers a number of governance areas in which the federations currently achieve low NSGO scores. However, additional (supportive) policies, whether implemented by government or by the sector itself, appear necessary to address deficiencies concerning stakeholder participation, environmental sustainability, combating discrimination in sport, gender equality, and strategic action on societal responsibility.

This chapter continues as follows. The following section discusses the background and context of good governance in Flemish sports federations, devoting specific attention to policies and regulations that incentivise the implementation of elements of good governance. The subsequent section discusses the methods used for gathering and analysing data. The fourth section discusses the findings in detail, focusing on the federations' strengths and weaknesses in terms of the four NSGO dimensions of good governance. The final section summarises the main findings and explores the way forward regarding good governance in Flemish sports federations.

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## Context

In Flanders, the issue of good governance in sport has only recently been given specific attention. Sport constitutes the latest of a number of areas where codes have been introduced to encourage the implementation of corporate governance practices. Due to Belgium's federal state structures and bureaucratic sports system configuration, the Flemish government plays a coercive role in the Flemish sports federations' adoption of good governance. Apart from adopting a specific policy for good governance, a number of policies with relevance for good governance in sports federations has been implemented.

## Corporate governance culture

Since the 2000s, good governance has gained prominence in Flanders. While elements of corporate governance have been included in different laws for some time now, specific good governance codes have more recently been issued for different types of organisations.

The Belgian Corporate Governance Code is the most comprehensive one (Flemish Government, 2012). Propelled by the European Commission's Action Plan on modernising corporate governance in the EU, the first version of this code was published in 2004 (European Commission, 2003). The second version was published in 2009 following the 2008 global financial crisis (Commission Corporate Governance, 2009). In accordance with the European Commission's recommendation, listed companies have to issue a statement regarding the code's implementation in accordance with the 'comply or explain' technique (Wijmeersch, 2006). In addition, Belgian legislation imposes an increasing number of corporate governance principles such as accounting standards and reporting requirements (Goergen & Renneboog, 2002).

Following the release of the first corporate governance code, a number of additional codes have been issued to translate corporate governance principles to different types of organisations. 2005 saw the publication of the first edition of the 'Code Buysse' applicable to non-listed companies (Commission Buysse, 2005). Belgian non-profit organisation Koning Boudewijnstichting issued a good governance code for non-profit organisations in 2008. In 2012, the Flemish government issued a good governance code for cultural organisations (Flemish Government, 2012). Finally, in 2016, the Flemish Government released a code for good governance in Flemish sports federations (Sport Vlaanderen, 2016).

## Sports system

The Belgian sports system has been characterised as an example of the 'bureaucratic configuration' (VOCASPORT Research Group, 2004, pp. 53-61). In this configuration, dominant in Europe, the state plays a key role in the operation of the sports sector. In the federal state Belgium, however, sport is a regional competence. In the Flemish region, the public agency *Sport Vlaanderen* (Sport Flanders) plays a key executive role in executing the policies established by Flemish ministerial decrees and implementing decisions.

Despite the existence of national sports federations due to international sports governance requiring state-based representation, regional sports federations have emerged in order to

benefit from regional funding. Together with their Wallonian counterparts, Flemish federations operate under the umbrella of Belgian national federations, even though they are operationally autonomous. By controlling and allocating funds according to Flemish laws and policies, *Sport Vlaanderen* has the authority and leeway to enforce policies on Flemish sports federations, effectively steering their internal policies. *Sport Vlaanderen's* central role is enshrined in the Flemish sports decree.<sup>16</sup> The decree establishes that the agency determines which federations meet the government's criteria for recognition and consequently, which ones may benefit from certain types of funding. *Sport Vlaanderen* furthermore engages in a cooperation agreement with each subsidised federation. The agreement determines specific goals relating to the federation's basic tasks and provides guidance on how to achieve them.

Besides *Sport Vlaanderen*, a number of publicly funded organisations support the federations and other Flemish sports actors. The *Vlaamse Sportfederatie* (Flemish Sport Federation, VSF) constitutes the umbrella organisation of Flemish sports federations. The VSF functions as the interlocutor between the Flemish federations and the Flemish government.

It also provides templates and one-on-one advice for its member federations to facilitate the implementation of Flemish policies in their organisations and to enhance their performance (VSF, 2018a). Notably, the VSF offers tailored consultancy on the implementation of sexual harassment policies, privacy regulations, and good governance. The VSF also provides operational support to Flemish sports club officials via the publicly funded Dynamo Project (Dynamo Project, 2018). A separate organisation, the International Centre for Ethics in Sport (Internationaal Centrum Ethiek in de Sport vzw, ICES), functions as the official knowledge centre on ethics in sport. Funded by the Flemish government, the ICES provides policy tools, exchanges best practices, and supports federations and clubs on themes such as sexual harassment, ethical conduct in organisations, gender equality, fair play, respect, poverty, sport for the disabled, and eating disorders (ICES, 2018). The Flemish government also recognises and funds a knowledge centre, *G-sport Vlaanderen*, for sport for the disabled. The centre provides support to all actors involved in sport for the disabled, including sports federations and clubs (G-sport Vlaanderen, 2018).

## Governance-related sports policies and regulations

The Flemish sports decree, by establishing (mandatory) criteria for recognition and funding, has an important coercive impact on the governance of Flemish sports federations. In order to be officially recognised as a Flemish sports federation, a federation must meet a list of criteria, defined in article 4 of said decree. A number of these criteria relate to principles of good governance. First of all, federations must be established as non-profit

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<sup>16</sup> Decreet van 10 JUNI 2016 houdende de erkenning en subsidiëring van de georganiseerde sportsector. Besluit van de Vlaamse Regering van 16 September 2016 tot vaststelling van de algemene erkennings- en subsidiëeringsvoorwaarden voor de georganiseerde sportsector.



associations in accordance with the relevant Belgian law on non-profit associations.<sup>17</sup> This law imposes a number of governance-related elements:

- The general assembly must appoint the board members (art. 4.)
- a 75% quorum is required to change the statutes (art. 8)
- The general assembly meeting must take place annually (art. 17.)
- Extraordinary general assembly meetings must take place when requested by at least 20% of the members (art. 5)
- Voting in absence must be allowed in general assembly meetings (art. 6)
- The general assembly must be informed about the agenda at least eight days before its meeting takes place (art. 6)
- The general assembly must approve the annual budget and financial report (art. 4, 17).

Next to these requirements, the sports decree imposes a number of more specific governance-related elements (art. 4). It requires recognised sports federations to:

- have a general assembly in which all affiliated clubs are represented and to have a board consisting of at least five members;
- submit a financial report and a general report a to *Sport Vlaanderen* on an annual basis;
- submit a multi-annual policy plan to *Sport Vlaanderen* every four years to report on the organisation's performance and the assistance provided to its members and affiliated clubs.

The decree also imposes the requirement of having statutes, operations, and internal regulations that comply with two specific decrees relating to societal responsibility (art. 4). On one hand, the federations have to comply with the decree on healthy and ethical sport practice.<sup>18</sup> Most notably, this decree imposes the obligation on sports federations to analyse the health risks of their specific sport and to inform their members about these risks. It also stimulates learning about ethical sports practice by establishing networks of federations and other relevant actors. On the other hand, the federations must implement the requirements of the anti-doping decree.<sup>19</sup> This decree implements the World Anti-Doping Agency code in Flemish legislation and requires Flemish sports federations to develop and implement relevant policies and disciplinary rules.

Sports federations that comply with the requirements listed in article 4 of the sports decree are officially recognised and become eligible for funding. Table 1 lists the different types of

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<sup>17</sup> Wet van 27 juni 1921 betreffende de verenigingen zonder winstoogmerk, de internationale verenigingen zonder winstoogmerk en de stichtingen.

<sup>18</sup> Decreet van 20 december 2013 inzake gezond en ethisch sporten. Decreet inzake gezond en ethisch sporten van 20 december 2013; Besluit van de Vlaamse Regering van 4 april 2014 houdende uitvoering van het decreet van 20 december 2013 inzake gezond en ethisch sporten.

<sup>19</sup> Antidopingdecreet van 25 mei 2012, gewijzigd bij de decreten van 19 november 2014 en 4 december 2015; Besluit van de Vlaamse Regering van 13 februari 2015 houdende uitvoering van het Antidopingdecreet van 25 mei 2012.

funding allocated to the Flemish federations. It shows that a number of funding sub-categories relate to principles of good governance (as defined in the NSGO).

**Table 2: Funding type and sub-categories**

Funding type	Sub-categories
General operating subsidy	A basic subsidy depending on the number of affiliated members
	A subsidy depending on compliance with quality criteria The number of affiliated members and staff relative to those of all the Flemish sport federations combined (35%) The quality and training of the affiliated coaches (45%) The implementation of 29 principles of good governance (15%) and a commitment to implementing one or more of 14 additional principles (5%)
Additional subsidies	Implementing a youth sports policy Implementing a sport for all policy or a policy for sport for disadvantaged groups Implementing innovative projects Organising youth sports camps Elite sports policy for aspiring athletes

The Flemish government allocates funding to federations that implement policies for sport for all, sport for disadvantaged groups, and support to aspiring athletes. These actions relate to the NSGO societal responsibility dimension. Most importantly, however, federations that meet a number of quality criteria receive a larger proportion of the general operating subsidy. One of the three types of quality criteria (listed under c) specifically relates to the implementation of principles of good governance. This subsidy intends to incentivise the implementation of the Code of Good Governance in Flemish Sport Federations, adopted in 2017 (Sport Vlaanderen, 2017).

More specifically, sports federations that implement 29 specific (minimum) criteria of good governance are entitled to a maximum of 15% of the total subsidy allocated on the basis of quality criteria. The percentage of the maximum amount of good governance subsidies corresponds to the percentage of criteria implemented by that federation. For example, if a federation implements 50% of the criteria, it will receive 50% of the 15% of the total subsidy allocated on the basis of quality criteria. Implementation is assessed by *Sport Vlaanderen* by means of 29 dichotomous (i.e. 'yes/no') indicators. The indicators are divided into three dimensions of good governance: transparency, democracy, and internal accountability and control. Regarding transparency, they pertain to the publication of key legal and policy documents and reporting on board members, remuneration, conflicts of interest, and good governance policies. With regard to democracy, they refer to establishing board member profiles, board meeting procedures, quorums for the board and general assembly, term limits for board members, a phased schedule for the retirement of board members, a minimum of five board meetings per year, induction procedures for board members, the representation of all members in the general assembly, and the autonomous operation of the organisation. Finally, regarding internal accountability and control, they relate to the separation of tasks between internal bodies, the separation of the role of chairman and

director/CEO, conflicts of interest rules and procedures, formalising the tasks of management, the control function of the general assembly over the board, the audit committee, self-evaluation conducted by the board, establishing a code of conduct, and establishing an annual meeting plan for the board (Geeraert & Drieskens, 2016).

The federations are entitled to an additional 5% of the maximum quality criteria subsidy when they commit to improving on one or more of 14 additional principles of good governance. Together with *Sport Vlaanderen*, the federations decide on how many of the 14 principles they wish to improve. This commitment is formalised in the cooperation agreement between the individual federations and *Sport Vlaanderen*. The 14 principles relate to the publication of the annual report, reports on the implementation of good governance, reports on the number of affiliate clubs, term limits for board members, a differentiated, balanced and competent board, involving stakeholders in policies, societal responsibility, the audit committee, the code of conduct, external board members, risk control, complaint procedures, the operation of internal committees, and match-fixing policies. Progress is measured by means of 14 ordinal indicators that indicate the five steps a federation needs to undergo before a specific principle is considered fully implemented. The 29 dichotomous and the 14 ordinal indicators are derived from the Code of Good Governance in Flemish Sport Federations, which was released in 2016 (Geeraert & Drieskens, 2016).

The code and the indicators of good governance underscore the importance the Flemish government attaches to good governance in sport federations. Understanding that implementing good governance takes time, the Flemish government incentivises the indicators' implementation incrementally. In 2018, the federations were guaranteed 75% of the total amount of good governance subsidies. The proportion of guaranteed subsidies decreases by 25% each year. By 2022, the total amount of governance subsidies is based on the federations' implementation of indicators.

Besides measuring the implementation of the minimum criteria of good governance, *Sport Vlaanderen* provides guidance to the Flemish federations by clarifying implementation requirements (Termont, 2018a). VSF furthermore engages in capacity building via one-on-one advice and the exchange of best practices and practical tools (VSF, 2018a). It also encourages social learning by bringing the federations together in discussions on good governance (VSF, 2018c). In December 2017, *Sport Vlaanderen* measured the implementation of the 29 dichotomous indicators for the first time. On average, the federations implemented 66% of the transparency indicators, 52% of the democracy indicators, and 58% of the internal accountability and control indicators (Termont, 2018b). These results demonstrate that, though most federations have started implementing the minimum principles, there is still significant potential for progress. This is logical, however, as the implementation of principles of good governance does indeed take time. It is estimated that the federations will need two to four years to implement all 29 minimum criteria (Geeraert & Drieskens, 2016). It is therefore to be expected that the Flemish sports federations' NSGO scores will increase significantly in the next few years.

## Methods

There are 47 sports federations that receive funding from the Flemish government. These include 40 federations responsible for a single-sport and seven multi-sport federations (VSF, 2018b). A sample of eight federations - seven single-sport federations and the VSF - was selected in accordance with the standardised NSGO methodology (see Table 2). The sample comprises the five compulsory sports (athletics, football, handball, swimming, and tennis) and three recommended types of federations (gymnastics, triathlon, and the umbrella federation of Flemish sports federations). The sample is balanced, as it includes two small federations (handball and triathlon), three mid-size federations (swimming, athletics, umbrella federation), and three large federations (gymnastics, football, and tennis).

Data collection was conducted in accordance with the standardised NSGO data gathering process. Phase one (selecting and contacting) and phase two (data gathering and first preliminary scoring) were conducted in July 2017. Phase three (feedback), phase four (second preliminary scoring), phase five (final feedback), and phase six (final scoring) were conducted from August 2017 until October 2017. Phase two was conducted by a single researcher who reported to the coordinator in charge. The coordinator carried out the other phases. All federations reviewed and complemented the data gathered. In May 2018, all federations were given the final opportunity to notify the researchers about governance changes implemented since October 2017. The athletics, triathlon, swimming, and umbrella federation provided final feedback.

The federations' scores were aggregated on the basis of the standardised NSGO excel sheets. The indicators deemed not applicable correspond with the standard NSGO indicators not applicable for small and mid-size federations. In addition, *Voetbal Vlaanderen* is the only federation principle 46 is applicable to, since professional athletes engage in an employment contract with *Sport Vlaanderen*. In the case of the VSF, principles 15, 16, 17, 18, 36, 37, 38, 40, 41, 44, 46 were deemed not applicable due to the organisation's specific mandate.<sup>20</sup>

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<sup>20</sup> In particular, other publicly funded organisations than the VSF are responsible for supporting the Flemish sports federations on a number of societal responsibility principles, as noted in Section 2.2.

**Table 3: Sport, official name, and official acronym of sample federations**

<b>Sport</b>	<b>Official name</b>	<b>Official acronym</b>
Swimming	Vlaamse Zwemfederatie	VZF
Handball	Vlaamse Handbal Vereniging vzw	VHV
Athletics	Vlaamse Atletiekliga vzw	VAL
Triathlon	Triatlon Vlaanderen	/
Gymnastics	Gymnastiekfederatie Vlaanderen vzw	Gymfed
Football	Voetbal Vlaanderen	/
Umbrella federation	Vlaamse Sportfederatie	VSF
Tennis	Tennis Vlaanderen	/

## Results

The dashboard graphically summarises the results. It demonstrates that the Flanders NSGO index is 54%, which corresponds with a 'moderate' label. The Flanders NSGO transparency index scores the highest of the four, namely 66% (good). The Flanders NSGO democracy and accountability indexes stand at 53% and 50%, respectively. The Flanders NSGO societal responsibility index is 46%, the lowest of the four indexes.

### Dimension 1: Transparency

With regard to the transparency dimension, the Flemish sports federations generally implement high reporting standards. For instance, they achieve high scores with regard to the publication of key documents and reports about clubs:

- All or most federations publish their statutes (100%), internal regulations (88%), sports rules (100%), multi-annual policy plan (88%), and annual report (100%).
- Most federations publish the minutes of board meetings (63%) and general assembly meetings (75%).
- All or most federations report the number of affiliated clubs (88%).

Overall, the quality of reporting is high as well:

- The minutes of the board meetings generally explain the rationale behind important decisions (75%) and the minutes of the general assembly meetings mostly give a summary of the deliberations and ballots (75%).
- The annual reports generally contain statements on the attainment of specific objectives (75%), finances (75%), and events (86%).

Producing these key documents and information increases stakeholders' trust in the workings of the organisation. Especially the publication of key policy documents such as the multi-annual policy plan, the annual report, and the minutes of board meetings and general assembly meetings facilitates external monitoring of key policy processes and motivates involved officials to act in the best interest of the organisation and its key stakeholders.

However, the federations generally fail to report on certain key issues:

- For a minority of the federations, the annual report explores the risks faced by the organisation (33%), reports on the activities of all standing committees (25%) and lists the declarations of conflicts of interest (25%).

Failure to report on such issues compromises the quality of the risk assessment and internal workings of the standing committees. A lack of reporting on conflicts of interests negatively impacts trust in decisions. It also runs the risk of decisions being improperly influenced.

In addition, the federations fail to report adequately on the remuneration of key officials:

- Half of the federations' annual reports include a statement on remuneration.
- A small minority provides information on remuneration policy (25%) and the remuneration of board members (13%) and management (13%).

Remuneration of senior officials provides a potent device for self-dealing. Disclosure of both remuneration and the pay-setting process facilitates external monitoring and therefore generates a powerful deterrent.

Finally, the Flemish federations generally have no formal procedures in place that ensure adequate internal reporting within the framework of the annual report:

- A small minority has implemented internal procedures that ensure timely and accurate reporting within the framework of the annual report (17%).

A lack of such procedures increases the risk for key information to be unavailable when the annual report is produced.

## Dimension 2: Democratic processes

As regards the democratic processes dimension, the Flemish federations score well on about half of the principles. They achieve weak to bad scores on the other half of principles. The majority of the federations implement procedures and practices that stimulate internal deliberations:

- In all federations, the general assembly meets at least once a year, procedures for extraordinary board meetings are in place, and voting in absence is permitted.
- In all federations, the board met at least five times during the past 12 months.
- In the majority of the federations (75%), formal procedures are laid down for the process of drawing up the agenda for every meeting.
- A majority of the federations (62%) have formal procedures in place for the adoption of decisions.

Fair and open internal deliberations increase trust and the quality of ideas that inform policies.

The large majority of Flemish sports federations have democratic election rules in place:

- All federations have procedures for the appointment and reappointment of the members to the board.
- All federations have election rules on people qualified to vote; the majority or percentage needed to win the election and, where applicable, weighting of votes; quorum; and election rounds.

- In all federations, the general assembly directly elects the majority of members to the board.
- In the large majority of the federations (88%), election rules ensure that elections take place on the basis of secret ballot.

Solid election rules increase the likelihood that elections are fair and competitive. In addition, when officials have to stand for election, they are motivated to act in the best interest of their constituents. Secret ballot, finally, prevents elected decision-making board members from retaliating against member federations that did not vote for them.

However, not all Flemish sports federations have democratic practices and procedures in place that enhance the diversity and competence of the board. A first issue concerns board member profiles:

- The majority of the federations (63%) have a document establishing the desired profile (responsibilities, background, competences) of each board function.
- A minority of the federations (38%) base these profiles on the organisation's long-term policy objectives, half of the federations have this document approved by the general assembly, and a minority (25%) evaluate these profiles periodically and when a vacancy occurs.

Profiles for board functions help organisations in their search for suitable candidates. They facilitate establishing a differentiated and balanced composition of the board which helps organisations to achieve their objectives better.

A second issue impacting the balanced composition of the board concerns the absence of nomination committees:

- A minority of the federations (38%) have a nomination committee that oversees the election process of the members to the board.
- A minority of the federations have formal rules and procedures that guarantee that the president of the board cannot act as the president of the nomination committee (25%), that the nomination committee searches for candidates for vacant board mandates (29%), and that the committee identifies shortcomings relating to skill, expertise and differentiated composition of the board (29%).
- No federation establishes that at least one member of the nomination committee should not be a board member.

Not having an adequate nomination committee decreases the likelihood that elections take place according to established procedures and that the organisation has a balanced and competent board.

A third issue impacting the performance of the board concerns the lack of term limits in a number of federations:



- A majority of the federation (63%) implement term limits.

A lack of term limits increases the likelihood of the monopolisation of power, patronage, and office holders losing touch with their constituents. The high rate of re-election stemming from incumbent advantages, moreover, hinders the emergence of new ideas for problem solving.

A final issue that impacts board performance is the lack of direct or indirect representation of members in the general assembly in a number of federations:

- In 63% of the federations, the general assembly represents all the affiliated members either through direct or indirect representation.

When not all members are represented in the general assembly, the risk increases that the board does not act in the interest of all its constituents.

A salient issue pertaining to democracy in Flemish sports federations is the lack of participation of internal stakeholders in the policy process:

- A minority of the federations have formal policies for involving athletes (14%), referees (33%), coaches (40%), volunteers (40%), and employees (29%) in their policy processes.
- A minority of the federations adopt its multi-annual policy plan in consultation with athletes (14%). Not all federations consult coaches (57%), and volunteers (57%) when producing the multi-annual policy plan.
- A minority of the federations formally ensure the representation of athletes (29%) and volunteers (40%).
- In a majority of the federations, however, referees (71%) and coaches (71%) are formally represented.

The lack of participation of key stakeholders in the policy processes entails a number of risks. It decreases the likelihood that policies are effective, because the targets of the policies did not have the opportunity to give specialised input and lack ownership of the policies. In addition, stakeholders' trust in the federations' procedures and output may decrease which incentivises resistance and affects the federations' ability to steer their sport.

Finally, on average, the federations do not take adequate action to ensure gender equality:

- No federation has a formal policy that aims at encouraging equal access to representation for women and men in all stages of the decision-making process.
- No federation implements gender sensitive procedures for identifying candidates for positions awarded as part of human resources policies.
- No federation has a gender balanced representation of women and men on the nomination committee seeking candidates for decision-making positions.

- A minority of the federations (25%) implement gender sensitive procedures for identifying candidates for positions awarded as part of electoral procedures.
- A minority of the federations (17%) undertake actions aimed at the reconciliation of family responsibilities and professional or elective obligations for board members and staff.

The lack of gender-sensitive procedures increases the risk that one gender is overrepresented. In October 2017, Flemish minister of sport Philippe Muyters confirmed that only 13% of board members in all recognised and subsidised Flemish sports federations are female (Muyters, 2017). This overrepresentation of males negatively impacts diversity in boards.

### Dimension 3: Internal accountability and control

On average, internal accountability and control procedures are at a medium level. A closer look at the data reveals a mixed picture. On certain aspects, internal control procedures and practices are adequate. In other areas, however, there is significant room for improvement, meaning that internal learning processes and risk control relating to power imbalances, abuses of power, and unethical conduct are sub-optimal.

Most Flemish sports federations implement procedures that allow the general assembly to supervise the board:

- In the majority of the federations (63%), the general assembly has approved a multi-annual policy plan and an annual budget (88%).
- In the majority of the federations (88%), the multiannual plan includes a long-term financial plan and, in all federations, it includes specific strategies.
- In a majority of the federations (88%), members of the board do not have voting rights in the general assembly.
- In all federations, the general assembly approves the annual financial statements and the annual budget.

However, there are still important areas for improvement:

- In a minority of the federations, the general assembly approved an annual policy based on the multi-annual policy plan (38%).
- In a minority of the federations (13%), the statutes or internal regulations guarantee that the general assembly must approve the multi-annual policy plan proposed by the board.
- In a minority of the federations (25%), the statutes or internal regulations guarantee that the general assembly approves the annual policy plan.

Most federations, however, do not have procedures that allow the board to hold itself accountable:

- In a minority of the federations (13%), the board has evaluated its own composition and performance in the past twelve months.

The supervision of management by the board is equally problematic:

- Half of the federations have internal regulations that outline the responsibilities and competences delegated to management.
- In a minority of the federations (25%), the internal regulations establish that the board determines the remuneration of management.
- In a minority of the federations (13%), management regularly and periodically reports (at least four times a year) to the board about the organisation's operational management and financial situation.
- In a minority of the federations (25%), the board organises a formal annual appraisal with management to discuss individual performance.

Nonetheless, most federations have a procedure to ensure that the board holds annual meetings on important tasks of its control function:

- In a majority of the federations (75%), the board has a document outlining an annual meeting schedule.
- In a majority of the federations (75%), the meeting schedule arranges for a meeting on the budget, financial statements, the policy plan and the annual report.

Most Flemish sports federations have a clear governance structure, with separate tasks for the different entities:

- In most federations (88%), the statutes and/ or internal regulations define key positions on the board.
- In most federations (88%), the statutes and/ or internal regulations establish that the board determines the organisation's general policy.
- In most federations (75%), the statutes and/ or internal regulations establish that management is tasked with defining the organisation's operational policy.
- In most federations (75%), the statutes and/ or internal regulations define the tasks of the standing committees.

The picture is more mixed with regard to code of conduct. Though most federations have a code of conduct, the overall quality and applicability of these codes vary:

- A majority of the federations have a code of conduct that applies to the board members (75%), management (63%), and staff (63%).
- In a majority of the federations (75%), these codes contain a general obligation to act with integrity.
- In a minority of the federations, the code of conduct that applies to board members contains rules on expenses (38%), gifts (25%), and conflicts of interest (38%).

A similarly mixed picture applies to rules and procedures intended to minimise conflicts of interest:

- A majority of the federations (75%) have conflict of interest procedures that guarantee that the members of the board may not participate in the vote about decisions in which they have conflicting interests.
- In a minority of the federations (25%), conflicts of interest are reported in a registry.
- In a minority of the federations (25%), commercial transactions with a third party, with which a board member has a direct or indirect familial or commercial relationship, must be submitted to the general assembly or to a body mandated by the general assembly.
- A majority of the federations (88%) define in their statutes those circumstances in which, due to a serious conflict of interest, a person is ineligible to serve as board members.
- In a majority of the federations (75%), sponsors do not serve as board members and in all federations, members of an internal judicial body do not serve as board members.

On average, the Flemish sports federations implement basic financial control mechanisms:

- The majority of the federations (71%) have a system in which (significant) financial transactions are periodically reviewed.
- The majority of the federations (75%) have a financial threshold for contracts with external parties which establishes when the board must take the decision.
- All federations have an independent financial or audit committee whose members are appointed by the general assembly.
- The majority of the federations (63%) have their financial statements and accounting records reviewed by an independent and officially approved auditor.

However, a minority of the federations implement additional financial controls that further decrease opportunities for financial wrongdoing:

- A minority of the federations (38%) establish a system in which agreements or payments on behalf of the organisation must be signed by at least two persons.
- A minority of the federations (33%) establish a separation of duties, so that the same person cannot both initiate and approve payments.
- A minority of the federations (13%) establishes a requirement for accurate and clear payment categorisations and descriptions in the financial accounts.

## Dimension 4: Societal responsibility

Though, on average, the federations score the lowest in the societal responsibility dimension, they achieve good scores in certain areas of this dimension:

- All federations offer consulting to their member organisations in the areas of management and governance.
- A majority of the federations (86%) have a designated staff member responsible for all matters regarding the health risks of sports activities and they undertake actions aimed at informing athletes of the specific health risks of the sport in question.
- All federations have a designated staff member responsible for all matters regarding combating sexual harassment in sport, cooperate with other organisations with a view to combating sexual harassment in sport, and have a code of conduct aimed at promoting the physical integrity of athletes.
- All federations implement disciplinary rules to combat doping, raise awareness for anti-doping rules, and have formal procedures for cooperating with the National Anti-Doping Authority.
- Most federations (75%) have a formal policy for improving the social, cultural, educational or psychological circumstances of marginalised and/or fractured communities through sport.
- Most federations (71%) implement disciplinary rules to combat match-fixing.
- All federations undertake actions aimed at promoting sport for all.

In other areas, however, the federations achieve weak scores:

- A minority of the federations (14%) undertake actions aimed at raising awareness for discrimination issues.
- None of the federations undertake actions aimed at supporting (future) leaders of both sexes.
- A minority of the federations undertake actions aimed at promoting the environmental sustainability of the sporting events it organises or co-organises (14%) and promotes the exchange of best practices on environmental sustainability among its member organisations (13%).

It is striking that, even in most areas where the federations generally achieve good scores, they often fail to act strategically:

- A minority of the federations (14%) have a formal policy that outlines objectives and specific actions aimed at mitigating the health risks of sporting activities.
- A minority of the federations (14%) have a formal policy that outlines objectives and specific actions aimed at combating sexual harassment in sport.
- No federation has a formal policy that outlines objectives and specific actions aimed at combating doping.
- A minority of the federations (13%) have a formal policy that outlines objectives and specific actions aimed at combating match-fixing in sport.

When the federations lack strategies in these areas, the likelihood of having a sustainable societal impact decreases. Not having a strategy implies that it is not clear where the organisation's policies are going which makes it less likely that it will achieve its potential to have a positive impact on society.

## Discussion and policy implications

With an average NSGO index of 54%, the Flemish sports federations achieve moderate scores on good governance. Though the federations achieve good scores in certain areas, there is significant room for improvement.

Regarding transparency, most federations publish key administrative and policy documents, while the quality of reporting is generally high. Specific attention should be devoted to improving internal reporting procedures and reporting on risk assessments, the workings of the standing committees, remuneration, and declarations of conflicts of interest.

With regard to democratic processes, the federations achieve good scores on procedures and practices that stimulate internal deliberations and democratic elections. There is significant room for improvement, however, with regard to enhancing the quality of board member profiles, establishing robust nomination committees, and implementing gender equality procedures. Furthermore, all federations should establish term limits and ensure that the general assembly represents all affiliated members. Perhaps the most important issue that needs to be addressed is the overall lack of participation of internal stakeholders in the policy process.

Concerning internal accountability and control, the federations generally ensure basic supervision of the board by the general assembly, have a clear governance structure, adopt an annual meeting schedule and implement basic conflict of interest procedures and basic financial controls. Areas for improvement include establishing board self-evaluations, the adequate supervision of management by the board, robust codes of ethics, and advanced conflict of interest procedures and financial controls.

Finally, with regard to the societal responsibility dimension, the federations achieve good scores when it comes to offering management and governance consulting to their member organisations, mitigating the health risks of athletes, combating sexual harassment, doping and match-fixing, and promoting social projects and sport for all. The federations score weak on indicators relating to combating discrimination in sport, gender equality policies, and promoting environmental sustainability. In addition, the federations generally fail to act strategically on societal responsibility.

Though it is difficult to categorically establish a direct causal link, the Flemish federations score particularly well in those areas where the government has implemented supportive or regulatory policies. In addition, the code and criteria of good governance implemented by the Flemish government in 2017 devote specific attention to most of the NSGO principles where the federations are currently lagging behind. It is therefore to be expected that the Flemish federations will improve significantly in these areas in the coming years. Specific policies should ensure, however, that progress is closely monitored. New supporting and enforcement policies could be developed in areas where deficiencies are persistent. Based on the scope and content of the policies that are currently implemented,

additional action – whether through governmental or sectoral policies - appears necessary to incentivise stakeholder participation, environmental sustainability, combating discrimination in sport, gender equality, and strategic action on societal responsibility.

## Acknowledgements

The author wishes to thank Filip Zivkovic for his excellent research assistance and the Flemish federations for their kind cooperation.

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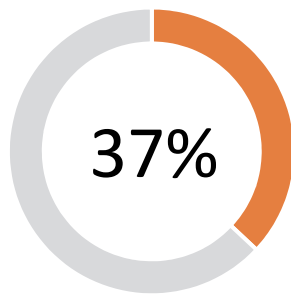
# NATIONAL SPORTS GOVERNANCE OBSERVER

## COUNTRY REPORT: GERMANY

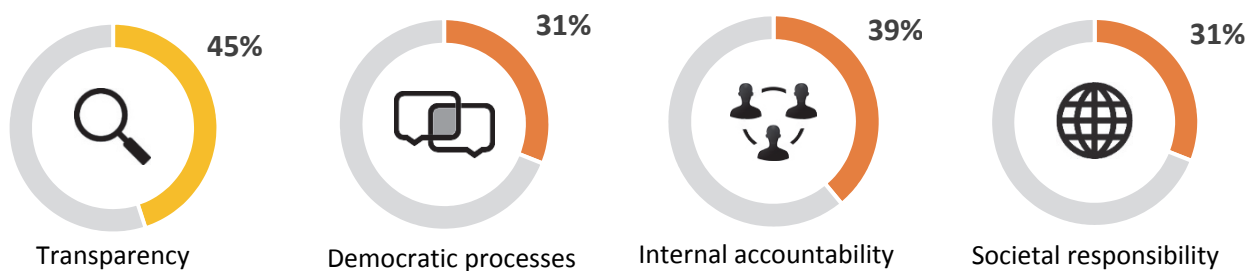
## Key results: Germany

Figures 1, 2, and 3 show Germany's main NSGO scores. Table 1 summarises the surveyed federations' principle scores by showing their corresponding labels.

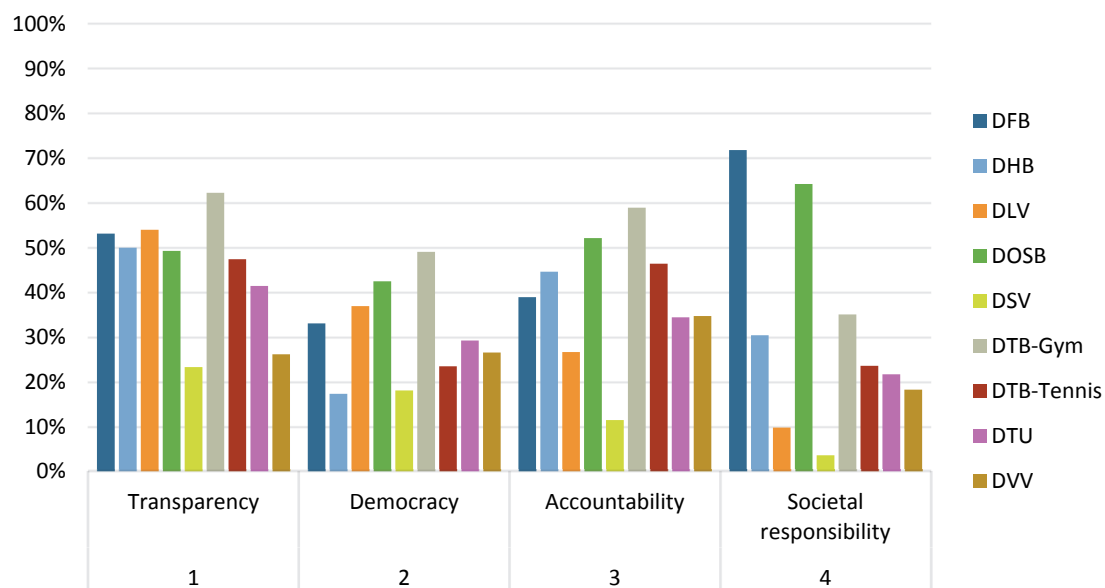
**Figure 1: Germany's overall NSGO index score**



**Figure 2: Germany's scores on the four NSGO dimensions**



**Figure 3: The surveyed German sports federations' scores on the four NSGO dimensions**



See table 2 for the federations' full names.

**Table 1: The surveyed German federations' scores on the 46 NSGO principles**

	Principle	DFB	DHB	DLV	DOSB	DSV	DTB-Gym	DTB-Tennis	DTU	DVV
Transparency	1. Legal and policy documents									
	2. General assembly									
	3. Board decisions									
	4. Board members									
	5. Athletes and clubs									
	6. Annual report									
	7. Remuneration									
Democratic processes	8. Elections of board members									
	9. Policy for differentiated board									
	10. Nomination committee									
	11. Quorums									
	12. Term limits									
	13. Member representation									
	14. Regular board meetings									
	15. Athletes' participation									
	16. Referees' participation									
	17. Coaches' participation									
	18. Volunteers' participation									
	19. Employees' participation									
Internal accountability	20. Gender equality policy									
	21. Supervision of board									
	22. Board resignation procedures									
	23. Board eligibility rules									
	24. Clear governance structure									
	25. Supervision of management									
	26. Audit committee									
	27. Financial controls									
	28. Board self-evaluation									
	29. External audit									
	30. Code of conduct									
	31. Conflict of interest procedures									
	32. Complaint procedure									
	33. Appeal procedure									
	34. Board meeting schedule									
Societal responsibility	35. Governance consulting									
	36. Mitigating health risks									
	37. Combating sexual harassment									
	38. Anti-doping									
	39. Social inclusion									
	40. Anti-discrimination									
	41. Gender equality									
	42. Anti-match-fixing									
	43. Environmental sustainability									
	44. Dual careers									
	45. Sport for all									
	46. Athletes' rights									

Not relevant	Not fulfilled	Weak	Moderate	Good	Very good
	0-19 %	20-39 %	40-59 %	60-79 %	80-100 %

## **Overview: Flexible and Diverse Adaptation**

This chapter on Germany's sports organisations scrutinises the German umbrella federation, DOSB, as well as eight national German federations in charge of football, handball, athletics, swimming, tennis, volleyball, gymnastics, and triathlon. The chapter is empirically based on data collection that took place in three stages between May 2017 and August 2018.

Against the backdrop of a general introduction to the principle of (good) governance and the German sports system this contribution explores how German sports organisations have adapted and implemented their structures in the four fields of transparency, democracy, accountability, and social responsibility.

The average NSGO index of German sports organisations is 37%, which reveals a weak score according to the scale of the project. While Germany's sports organisations score relatively high in transparency (45%), they reach a considerably lower result in accountability (39%) and even lower in democracy (31%) and societal responsibility (31%). However, there are substantial differences between the various German sports organisations. Generally, it can be concluded that no federation scores convincingly across all principles and no federation fails in all respects. A pioneering role in view of good governance can be attributed to the DOSB while several other federations have just recently implemented reforms or are just about to change their structures. The common notion for German sports organisations, that can especially be taken from a joint workshop with the sports organisations and several interviews that have been conducted during the project, is the increased awareness of the relevance of good governance.

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## Context: Governance culture and the German sports system

Since the 1990s, the concept of 'governance' has attracted growing attention (Schuppert 2005; Mayntz 2009). From a political perspective it gained particular importance since the traditional hierarchical and state-centred perspectives on "government" were confronted with approaches that highlight non-hierarchical ways of coordination between state and non-state actors, incorporating as well various vertical levels of policy-coordination and policy networks (cf. Stoker 1998). Against this backdrop, political science used the term "governance" to develop an analytical framework that assesses changed structures and methods of governing and steering society under ever more complex and differentiated societal and political conditions (Benz et al. 2007). In this respect, 'governance beyond the state' and 'governance without government' became central notions of the governance concept both in view of international relations as well as intra-state relations (cf. Rosenau/Czempel 1992).

In terms of sport, two approaches emerged in relation to the relevance of the 'governance' approach: Considering nation states, the field of sport represents – depending on the respective country setting – a largely independent, self-administered and non-governmental social sector in which governmental actors have for a long time only intervened selectively in order to promote welfare (cf. Ronge 2006). Since (organised) sport has enhanced its economic activities since the 1980s, central and local governments have challenged the autonomous status of sports. Political entities try to get increasingly hold on sports bodies while sports organisations are reluctant to give up their autonomy and point to the 'specificity' of their sector. Accordingly, 'sports policy' is described as an ongoing evolution from a self-governing network to a multi-actor network which reveals fundamental characteristics of governance approaches (cf. Bruyninckx 2012). A key aspect of the term governance is the soft law approach. Instead of using governmental intervention tools (legally binding regulations), goals will be achieved by raising awareness, by ways of negotiation, coordination, networking and voluntary agreements (cf. Hoye/Cuskelly 2007; Chappelet 2014; Muresan 2017).

A second approach of governance highlights its normative dimension. Since the end of the cold war, the political and economic performance of nation-states has repeatedly been critically questioned (cf. Weiss 2000, pp. 796-806). Against this backdrop, governments have committed to strive for and adhere to higher standards of transparency, accountability, and democratic processes (cf. Woods 1999, p. 39). A similar paradigm shift can be observed in the business world. The terms 'Corporate Governance' and 'Good Corporate Governance' reveal the responsibility of private or publicly managed companies vis-à-vis their internal and external stakeholders (OECD 2004, p. 11; Jordan 2008, p 24; Tricker 2009). Similar to other branches, international and national sports organisations are not immune to fraud, corruption and other criminal acts of individuals. It is striking, however, that in many cases neither efficient protection mechanisms nor policies were enforced, which could have provided consistent sanctions signaling a serious stance against corruption and other undesirable developments.

Against this backdrop, the concept of ‘good governance’ was first used in sport in 2001 as part of the adoption of the ‘Statement of Good Governance Principles’ by the European Olympic Committees (EOC) and others (Chaker 2004). Nevertheless, it took more than a decade before the board of the DOSB adopted the document ‘Good Governance. Concept of DOSB’ (DOSB 2015) as well as the ‘Code of Conduct for Integrity’. Both documents should serve as a model and blue print for the German sports organisations.

The orientation of national sports associations towards the principles of good governance forms the basis for investigating in detail whether German sports organisations have taken good governance standards into consideration. The key questions are if and how far German sports organisations have adapted and implemented them in their national system. However, the specificity of sports associations cannot only be measured in view of their dual function as regulators and supporters of sports, the variations of organisational structures of the associations must also be taken into consideration. Specific structures of the German sports system have already been addressed in many studies (Heinemann 1996; Haring 2010). However, an overall up-to-date comprehensive study from a political science perspective is still a desideratum. Accordingly, the most comprehensive and relevant studies for this survey are recent contributions to edited volumes by Karen Petry and Dirk Steinbach (2007), by Markus Kurscheidt and Angela Deitersen-Wieber (2011), and by Karen Petry and Kirstin Hallmann (2013).

The German sports system is based on seven basic principles. The first principle is the *autonomy of sport*: The Basic Law of the Federal Republic of Germany (*Grundgesetz*) guarantees the freedom of association. Citizens themselves decide how they are practising sports and in which institutional form they come together in order to carry out sport. Accordingly, gymnastics and sports movements in Germany have emerged under the concept of self-government. The German Olympic Sports Confederation (DOSB) currently consists of 101 member organisations, which are divided into regional sports federations, top sports associations and associations with special tasks. These associations have more than 27 million memberships organised in clubs. Under the umbrella of the DOSB, they form the largest voluntary organisation in Germany.

The second principle of German sport is *cooperation*. Based on the general autonomy of sport in Germany, various forms of interaction between organised sport and public authorities have emerged on a horizontal level. While no formal institutions have been established in which delegates of organised sport and public administration are represented, several informal ways of cooperation exist. Most importantly, the financing of sport is substantially supported by direct or indirect public funding. Financial means allow the state some kind of supervision and control of sports organisations. Depending on the case, financial support is, however, allocated to sport in a more general way; the distribution of money remains primarily in hands of the private sports organisations.

*Federalism and subsidiarity* establish the third set of principles of German sport (vertical level). Corresponding with the constitution of the Federal Republic of Germany organised sport is represented at all levels. The clubs are major actors at the local level. Currently,

Germany counts more than 90,000 gymnastics and sports clubs. They offer facilities and possibilities for carrying out sport to their members. In addition, they contribute to socialisation and community-building. In this respect, sports clubs are an important part of Germany's civil society. The activities of the clubs comprise of both competitive and non-competitive sports. The clubs are in turn members of the local, regional and national associations whose sport they operate. The main task of the regional associations is to organise elite and non-elite activities in sports. The organisations at national level focus primarily on identifying national champions in the various disciplines. In addition, they are in charge of the organisation of competitions, they are responsible for tasks such as talent search and promotion, the organisation of training courses, and the establishment and maintenance of performance centers.

A fourth principle of sport in Germany is the *co-existence of elite and leisure sport*. Regarding international completion, Germany is characterised by a long line of successes. On the all-time list of Summer Olympic medal winners, Germany (including GDR and predecessors) is ranked third, and on the all-time list of Olympic winter games, Germany also ranks among the top. Though Germany is currently experiencing a severe debate about the financing of sport, the idea of supporting the elite and grassroots sport has always been a major priority. Accordingly, Germany is also characterised by a high level of sports participation. Following the most recent Eurobarometer Sport (472/2017), 62% of all Germans practice sport at least 'seldom', 'with some regularity' or 'regular' while just 32% stay away from any kind of physical activity. These numbers are clearly above the average of all 28 European Union member states. Most popular sports in Germany are cycling, walking, swimming and football.

*Volunteering* or "*Ehrenamtlichkeit*" constitutes the fifth principle of German sport. Based on the results of the recent Volunteering Survey in Germany, 31 million people volunteer during their free time. The highest proportion of volunteers is to be found in the field of sport with 16,3%. It often occurs that persons who are formal members of a club or a non-profit organisation are more involved than those who are not member. Almost more than a quarter of those engaged carry out a managerial or executive function in clubs. The proportion of men performing in such activities is significantly higher than that of women. The percentage of those who hold management and board functions has been steadily declining for fifteen years. Not least against this background, a professionalisation of the work of the board is foreseeable or already in progress for Germany's sport associations that still recruit their staff from clubs.

The sixth principle of sport in Germany addresses the *co-existence of organised and informal sport*. Even if Germany is characterised by having a comparatively high number of clubs and although major attention is dedicated to organised sport, surveys show that just 21% of Germans state that they do sport in a club. On the contrary, 39% of Germans practice sport informally in parks or outdoors while 41% of all Germans practice their sport at home. Another 29% of German people practice sport on the way between home and school or work.

The seventh principle of German sport is based on *vertical linkages*. Despite its high degree of autonomy, German sport operates in a network of European and international standards and regulations. Fundamental importance is attached to both the European Union and the European Common Market as well as the incentives and requirements of the European and above all the international umbrella organisations in sport.

Using the Vocasport typology, Germany is characterised as ‘missionary configuration’. This description can clearly be traced back to the high degree of autonomous decisions by the German sports organisations and the high level of volunteering activities. Summing up the seven principles one has to take into consideration that organised sport plays a major role in Germany. However, formal sports organisations are not the sole actors in sport since public authorities do interact with the organised sport and informal ways of doing sports also have an important impact on sport in Germany.



## Methods

In Germany, the national umbrella federation DOSB has 65 sports federations (*Spitzenverbände*) as its members.<sup>22</sup> The sample comprises of the DOSB and eight Olympic sports federations: As it was recommended in the standardised NSGO methodology, five common sports (football, handball, athletics, swimming, and tennis) and four additional sports (the national umbrella federation, volleyball, gymnastics, and triathlon) were selected for the analysis. The majority of the sampled federations have more than 30 paid employees on the level of management. Therefore, five federations (football, handball, athletics, the umbrella federation and gymnastics) are considered and scored as large. Three mid-size federations (volleyball, swimming, and tennis) have employees between 10 and 29 and one small federation (triathlon) has less than ten employees (see Table 1). The selected federations receive state funding up to 7 million Euro from the German government (Ministry of Interior) annually.

**Table 2: Sport, official name, official acronym of sample federations, number of paid employees, and state funding**

Sport	Official name	Official acronym	Number of paid employees	State funding [Euro, 2017]
Football	Deutscher Fußballbund	DFB	30 and more	0
Handball	Deutscher Handballbund	DHB	30 and more	1 Mio.
Athletics	Deutscher Leichtathletik Verband	DLV	30 and more	7.1 Mio.
Umbrella Federation	Deutscher Olympischer Sportbund	DOSB	30 and more	n.a.
Volleyball	Deutscher Volleyball-Verband	DVV	10-29	1.9 Mio.
Swimming	Deutscher Schwimmverband	DSV	10-29	3.6 Mio.
Gymnastics	Deutscher Turner-Bund	DTB	30 and more	2.3 Mio.
Tennis	Deutscher Tennis Bund	DTB	10-29	500.000
Triathlon	Deutsche Triathlon Union	DTU	less than 10	700.000

In general, the sports federations have a management (*geschäftsführender Vorstand*) in accordance with the German Civil Code (*Bürgerliches Gesetzbuch*, paragraph 26) which is responsible for the organisation's operational policy.<sup>23</sup> Mostly, the management works full-time (*hauptamtlich*) and is assisted by paid employees (*sozialversicherungspflichtige Angestellte*) in the headquarters. The board (*Präsidium*) works without remuneration (*ehrenamtlich*) and has the final authority over the organisation's budget and finances. In accordance with the standardised NSGO methodology, the data collection started by reviewing of documents as well as websites of the federations and a preliminary scoring

<sup>22</sup>Further members are 16 regional umbrella federations (*Landessportbünde*) and 20 federations with special tasks (*Verbände mit besonderen Aufgaben*).

<sup>23</sup>The umbrella federation DOSB and Handball federation DHB have introduced a modernised governance structure which is based on the organisation of corporations: a non-paid supervisory board with strategic competences, and a paid management with operational functions.

(from May until October 2017). The second period included feedback of the federations (who provided additional, internal documents) and a second preliminary scoring (November 2017 until February 2018). The last period aimed at obtaining direct contact with the federations (March until August 2018). The national one-day workshop in Cologne provided an open platform to discuss the preliminary results and exchange experiences with good governance.<sup>24</sup> The following semi-structured qualitative interviews helped to finalise the scoring and understand internal structures and mechanisms which are necessary to formulate policy recommendations.<sup>25</sup> This third period ended with a final scoring of all federations. The whole research process was conducted by a scientific team of three researchers (professor, senior lecturer, junior lecturer), supported by bachelor and master students.

The following presentation of results mainly considers the average scores of the federations without naming them specifically in order to have a broader perspective on the German case. Although the number of federations is relatively small, the scores are indicated as percent values. This makes a comparison between the results of different countries easier.

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<sup>24</sup> The federations of gymnastics, tennis, athletics, triathlon, and the umbrella federation attended the workshop.

<sup>25</sup> Interviews were conducted with representatives of the federations of gymnastics, tennis, athletics, triathlon, handball, and the umbrella federation.

## Results

The average NSGO index of the German federations is 37%, which corresponds with a 'weak' label. The variance of the four indices are small: The difference between the highest and the lowest score is only 14%. The German NSGO transparency index scores the highest of the four dimensions, namely a 'moderate' label with 45%. The other three indices, democracy, internal accountability and control as well as societal responsibility, constitute 'weak' labels and constitute 31%, 39% and 31%, respectively.

There is also a variance with regard to the different scores for each German federation: Three federations achieve 'moderate' scores (49-52%), five federations can be labelled as 'weak' (27-36%), and one federation does not fulfill the minimal standard (14%).

### Dimension 1: Transparency

Transparency is the dimension with the highest score but is labelled only as moderate (45%). Nearly all German federations provide information about their members (athletes and clubs) on their website (85%). This is the best scoring principle in the dimension of transparency. Most federations publish their statutes, internal regulations and sports rules on the website (80-100%). This type of information is statistical, relatively stable and permanent.

Multi-annual policy plans cannot be published on the website because, in most cases, they do not exist at all (0-20%). The same goes for annual reports which only exist partially and are rarely published on the websites (33%). They contain information about finances but few include explicit references to activities and risks.

Agendas and minutes of the general assembly are published by less than half of the federations (41%). There is little awareness that it could be interesting or important to provide information about meetings to internal stakeholders. Moreover, it is more often a question of resources and priority rather than concealment of information.

No German federations publish board decisions or minutes on the website, 14% make this information available to their regional member federations internally via email or intranet. Board decisions comprise sensitive information about personnel and financial matters. The few existing minutes only provide mere decisions with regard to recruitments of staff or financial distribution but no further information concerning the decision-making or deliberation processes. Formally, the German federations are obligated to inform only their regional member federations which do not include internal stakeholders on the local level. On the one hand, they are not willing to publish sensitive information because they want to avoid (intentional or unintentional) misinterpretation. Instead, it would be possible to provide a selection of internal decisions. On the other hand, the regional member federations insist on receiving information – including agendas, minutes and policy plans, exclusively. This attitude reflects the hierarchical structures of the German sports system.

The principle concerning regulations and reports about the remuneration is the weakest principle in all federations (11%). The remuneration of the employees in the headquarters is often known and regulated as a collective agreement. In contrast, information of the remuneration, compensations and bonuses of board members and management generally remain in internal organs.

German federations recognise the advantages of publishing documents such as agendas, minutes and policy plans on the website. It suggests openness and verifiability of internal processes not only for the regional member federations but also for internal stakeholders. However, concerns about misinterpretation and a defensive attitude against external communication are sometimes predominant.

## Dimension 2: Democracy

The democracy dimension addresses regulations for election/outvoting and representation. In order to ensure democracy, formal statutes and rules of procedure as well as criteria for the composition of the board including quota regulations and term limits are required. In addition, the involvement of stakeholders such as athletes, coaches, and referees is a matter of concern.

As regards democracy, the German sports organisations score rather bad with an average of just 31%. The variance is considerably high as two federations score above 40 (49% and 42%) and two federations reach a level below 20% (17% and 18%). At second glance, a clear distinction between the election and the representation dimension of democracy can be observed. While the election of the board and the formal procedures for elections broadly (72% on average) follow good governance criteria (principle 8), no formal provisions (0% on average) have been taken to ensure diversity or different compositions in the boards (principle 9). However, it has to be taken into consideration that the facets of democracy in German sport is also ensured by the regional level (*Landesverbände*) that are in some cases formally involved in election and recruitment processes. Regularly, this happens rather by informal means and negotiations than by formal provisions.

A nomination committee that oversees the election process of members of the boards is not familiar to German sports organisations, just one organisation has established such a committee (principle 10). Nomination and recruitment is, again, substantially shaped by the regional level and its organisations in German sport. Seven federations have established a quorum in its statutes or internal regulations for some activities of the board and the general assembly (principle 11). Term limits have just been established by the DOSB (principle 12). Regular meetings of the board (principle 14) are implemented by most organisations with an average score of 60%. Just two organisations score below 20% according this principle.

While an organisation's affiliated members are largely represented in the general assembly (58%) (principle 13), a proper representation of major stakeholders is not ensured: Athletes (44% on average), referees (33%), coaches (33%), volunteers (17%), and employees (14%) are just to a certain extent formally involved the policy processes of the organisation.

Gender equality (principle 20) has just recently been implemented and German federations receive a score of 19% in this area. Just three federations have established formal (written) regulations fostering the equal representation for women in the decision-making processes. At the 10th General Assembly in December 2014, the DOSB implemented new statutes including a gender quota. In all of DOSB committees, women and men must be represented in each case at least 30 percent. Regarding individual elections and elections for the members of the DOSB board, this quota is considered as a target quota.

As a general interpretation, democracy in German sports organisations seems to be primarily shaped by the national framework. In federations where the national constitution provides the framework (elections) a high(er) score has been achieved whereas the lack of national provisions has not fostered a stronger reflection on issues such as representation. The highest scores in democracy matters are reached by the national umbrella organisation and the oldest German federation. Due to various external and internal reasons these two organisations generally pay high(er) attention to good governance issues. Against this backdrop they have already adopted reforms in their statutes with a substantial effect on democracy. An ongoing and contested issue in many German sports organisations is the debate if the honorary board (*Vorstand*) should be transformed into a supervisory board and the organisation should be managed by a professional management or managing director.

### Dimension 3: Internal accountability and control

The level of internal accountability and control procedures are measured at a mean level of 39% in the upper weak category, bordering to moderate. The data shows a lot of variance between federations as well as between individual principles within the dimension: The strongest federation scores 59% whereas the weakest federation scores only 11%; the average score for separation of powers is the highest with 71% whereas the average score for established procedures in case of conflicts of interest is a dismal 14%. The general picture is mixed to a degree that no single federation or principle can be identified without significant room for improvement in terms of internal learning processes and risk control relating to power imbalances, abuses of power, and unethical behaviour.

All but one German sport federations (89%) have good governance structures with regards to the separation of powers, with the remaining one (11%) is in the moderate category. The procedures of control and overview with regards to the board and the management are weak on average, mainly driven by 44% of the federations not fulfilling the respective principles. In contrast to this, 33% of the federations have good or very good control over the boards and 22% of the federations have good or very good control over the management. Self-evaluation as a form of appraisal and control of board performance is not very common (33% on a good level, 67% not at all). Formal procedures regarding premature resignation of board members can serve as a tool for control as they allow for the replacement of underachieving board members. Such procedures are absent in 57% of the federations while well developed in 22%. Formal procedures for a fixed schedule of board meetings as a prerequisite for effective control are predominantly absent (67%) or weak (11%), rarely moderate (22%).

Aspects of financial accountability and control as an external auditing and a financial control system have a moderate level on average. Only one federation (11%) does not fulfil either of these principles, three federations (33%) combine very good and moderate measures, the rest is in between.

A code of conduct or similar statements of basic values and principles is present in all federations, in five federations on a good (33%) or very good level (22%), but in one only on a weak level (11%). In accordance with the fundamental values expressed, some of the scrutinised German sports organisations have introduced formal regulations and procedures in cases of conflicts of interest, either exclusively for board members or in a more general manner. In the case of board members, 22% score good or very good and 56% do not fulfil the principle. More broadly applied regulations are well or moderately taken care of in two federations (22%), whereas 78% fail to meet the requirements of this principle.

An internal system of complaints and mechanisms for the resolution of such conflicts allow stakeholders to hold individuals in office - management and board - accountable. 33% of the federations incur a good and very good measure on both principles; 22% do not fulfil either principle, mainly due to limited awareness of the necessity and/or advantages of a system of complaints and conflict resolution within the organisation.

The weakest federation does not fulfil eleven out of 14 principles; the strongest does not even fulfil four; the most common result is not fulfilling five. The weakest federation scores good or very good in only one out of 14 principles; the strongest reaches eight, the most common result is six.

Qualitative interviews indicate that – beyond a basic level of legally binding regulations – many of the topics around control and accountability are discussed and tackled in the context of organisational reform, which is originally mostly inspired by efficiency and modernisation. The mutually reinforcing quality of good governance and efficient management is thereby corroborated.

## Dimension 4: Societal responsibility

Societal responsibility is one of the lowest scoring dimensions (31%). In general, the federations achieve moderate, weak and very weak scores. There is only one principle with a very good label: Most federations have an anti-doping policy, including a formal written policy, designated staff and several activities which aim to informing the athletes about risks (80%). But no federations carry out an evaluation on the impact of its relevant actions. This principle is estimated as a core principle because it relates especially to the competitive sport – an elementary policy of sports organisations.

Two further similar principles lead to the second best, but nevertheless only moderate scores: Social inclusion (52%) and sport for all (44%) which are also important policies for the federations. The majority of federations have designated staff and undertake actions to

improve social circumstances of marginalised groups as well as to promote sport for all activities of their member organisations. Evaluations are not implemented.

A minority of the federations have a formal policy and undertake actions aimed at promoting gender equality in sport (31%), combating sexual harassment in sport (30%), combating discrimination in sport (21%), combating match fixing (20%), promoting of environmental sustainability (17%), mitigating the health risks of sporting activities (17%), and promoting the dual career of athletes (15%). Although these sports policies do not receive much attention so far, the federations estimate that an engagement in all mentioned policies are important to demonstrate societal engagement and necessary to legitimate their non-profit status. Low capacities and little awareness are the main reasons why the German federations do not have formal policy plans for all or most of the sport-related areas.

It is worth noting that there are some federations which achieve very good scores for a single principle, and, in contrast, other federations do not fulfill any indicator within the same principle. Furthermore, it is not unusual that one federation achieves very good scores within a single principle but does not fulfill any indicator within another principle.

In line with the weak scores in the dimensions of democracy as well as internal accountability and control, only a few federations offer consulting to their member organisations in the area of management or governance (30%).

The lowest score refers to a fair treatment of professional athletes (13%). Against the background of commercialisation and professionalisation the sports federations could establish minimum requirements of standard athlete contracts. The federations refer to associated profit-organisations.

A closer look at each federation shows a large variance: The best federation achieves 72%, the weakest only 4%. Two federations have a 'good' label (64-72%). Then a gap follows because the 'moderate' label is not assigned. Four federations scored weakly (22-35%). And three federations do not fulfill the minimal standard (4-18%).

In general, formal (written) policies are very rare. Activities, workshops, or training sessions also seldom take place. Evaluations do not happen. Most of the federations have for different principles designated staff members who are responsible for all matters regarding the principle. From the perspective of the German federations, the structure of the German sports system is characterised by a lot of responsibility and competences on the regional and local level which could be used to work out and implement policies as well. Furthermore, financial resources and staff capacities are also limited for the smaller federations. However, there are federations which achieve pretty good scores.

## Discussion and policy implications

Summarising the main findings of the four dimensions, the score of the nine German sports federations under investigation oscillates around an overall average of 37%. The federations vary from an overall moderate result (33%) to an overall not fulfilling of good governance criteria (11%) with a majority in the weak category (56%). Transparency is the strongest dimension in German federations with a mean value categorised as moderate; internal accountability and control border on a moderate value. Democracy and societal responsibility are on average fully within the weak segment.

German federations recognise the advantages of transparency. Nevertheless, this attitude is at odds with concerns about data privacy and the abuse of information in internal and external communication and conflict. Democracy is generally understood and applied in formal electoral processes, but weakly institutionalised in its requirements for group representation. Some aspects of the division of power and control in management and board and – to a lesser degree – questions of financial control and ethical principles are better established than formalised overview, control, and fixed procedures. This informal quality applies to societal responsibility as well, where anti-doping and, to a lesser degree, sports for all and social inclusion are mostly recognised.

Due to the high variance across federations and principles, any overall picture and any percentage rate has to be taken with a grain of salt. No federations score convincingly across the principles and no federations fail in all respects. Besides the DOSB, who has an extraordinary role as the national umbrella organisation, in particular those federations that have the largest amount of members and respective resources got higher scores. However, the size of the federations is not the only explanation since caution has to be taken against misinterpretations.

Analysing the reasons why sports organisations have implemented good governance criteria, three overall explanatory trajectories may be taken into consideration:

1) *National setting*: The national setting plays an important role. Sports organisations do not act independently from their political, economic, or social framework. The overall political culture and the legal system, here: the regulations of the civil code, the hierarchical pyramid, the federal structure, have a substantial impact when it comes to the general attitude of sports organisations towards good governance. The vertical dimension of the German sports system is primarily a factor when elections or matters of control are addressed. Traditions and long-term trends of path dependency are relevant when it comes to the question of whether good governance criteria will be implemented. Some federations have their roots in strong participatory traditions, others perpetuate a more hierarchical heritage of elite and commercialised sport.

2) *Awareness*: A second explanation of good governance being implemented is the degree of public awareness and media attention, including the role of sponsors. Some federations, particular structures and certain issues attract a high degree of attention by the public, the



media, the state or other sponsors. This attention forces and allows the respective federations and the respective policy fields to achieve better governance.

For that reason, different results in good governance may be driven by different roots and reasons for reform and innovation. In Germany, for instance, football as a sport, the DOSB as the umbrella organisation, corruption of the board as a scandal or doping as a specific element of violating fair-play are important driving forces for good governance. From these points of departure, principles and procedures may spread. Accordingly, good governance is also a process of modernisation that can be explained by stronger linkages between public and organised sport leading to an opening-up of the federations.

3) *Capacities*: The evolution of good governance seems to be driven not only by external effects. The ability to implement good governance structures is also heavily relying on capacities. Those federations that hold sufficient resources in terms of time, money, and staff, are generally better equipped in view of good governance than those federations who suffer from scarcity. On the other hand, shortcomings in good governance can be explained with internal problems, inefficiency, and mismanagement.

4) *Internal struggle*: The interviews have revealed a level of reservations against good governance. Beyond the in-built conservativeness of voluntary organisations, the management of the federations faces the insecurity of little or no experiences with some of the required procedures (mainly transparency and publication issues). This, in combination with effective resistance from stakeholders within the federation and in particular from strong representatives of member associations at the regional level, slows down the pace of reforms.

In terms of policy implications, the awareness of aspects of transparency, democracy, internal accountability, and control at all levels of the German sports system has already been increased but could still be raised. Key topics like transparency to the broader public, group representation and participation, formalised procedures of internal and external control as well as the less prominent aspects of societal responsibility should be a standard requirement upheld by governments and umbrella organisations. The bluntest policy recommendation can be to make state funding contingent on good governance criteria, a weaker version would make additional funding available for governance improvements. Openness and cooperation by boards and management might need some aspects of hierarchy in certain cases.

Campaigning good governance is an option for public authorities and umbrella organisations to raise awareness for the positive effects on internal and external legitimacy and support as well as the increased efficiency within the organisation. Mutual learning and positive best practice examples seem to be more relevant than assumed.

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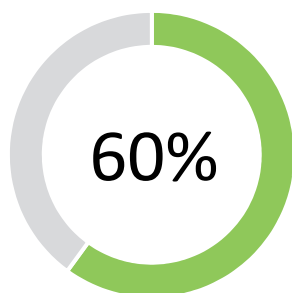
# NATIONAL SPORTS GOVERNANCE OBSERVER

## COUNTRY REPORT: THE NETHERLANDS

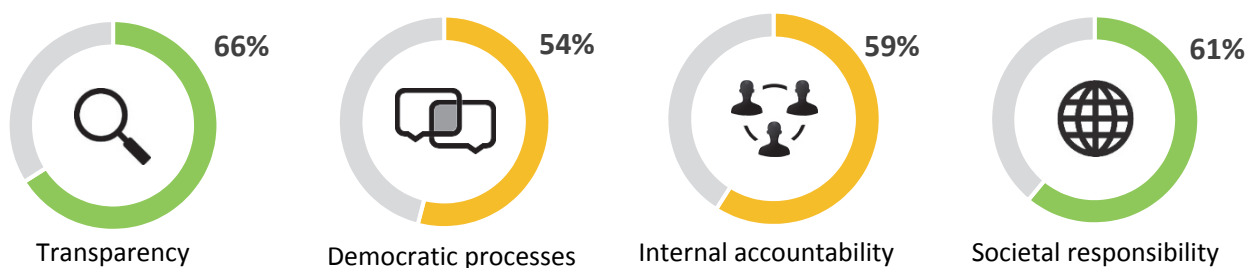
## Key results: The Netherlands

Figures 1, 2, and 3 show The Netherlands' main NSGO scores. Table 1 summarises the surveyed federations' principle scores by showing their corresponding labels.

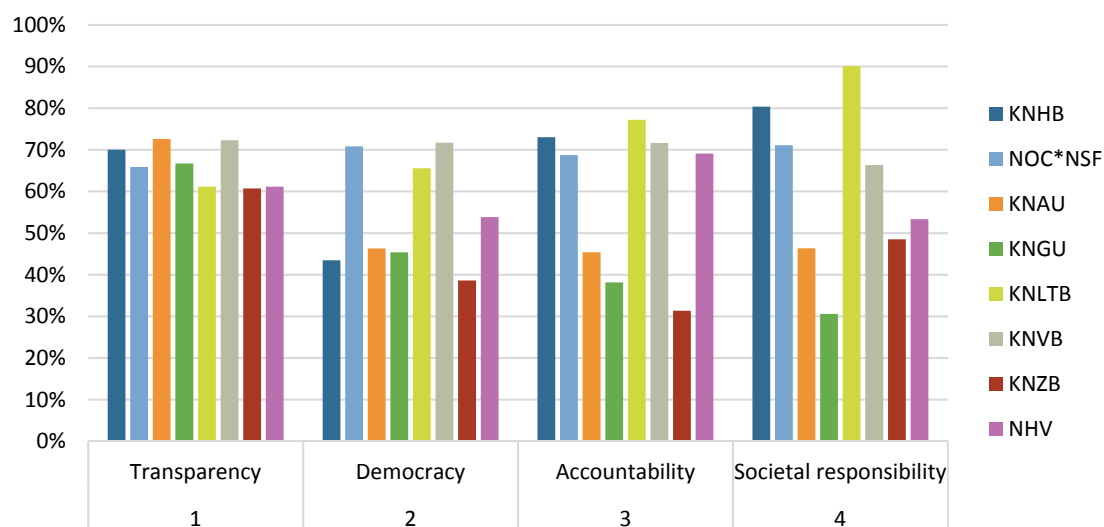
**Figure 1: The Netherlands' overall NSGO index score**



**Figure 2: The Netherlands' scores on the four NSGO dimensions**



**Figure 3: The surveyed Dutch sports federations' scores on the four NSGO dimensions**



See table 2 for the federations' full names and size of the sports federations

**Table 1: The surveyed Dutch federations' scores on the 46 NSGO principles**

	Principle	KNHB	NOC*NSF	KNAU	KNGU	KNLTB	KNVB	KNZB	NHV
Transparency	1. Legal and policy documents								
	2. General assembly								
	3. Board decisions								
	4. Board members								
	5. Athletes and clubs								
	6. Annual report								
	7. Remuneration								
Democratic processes	8. Elections of board members								
	9. Policy for differentiated board								
	10. Nomination committee								
	11. Quorums								
	12. Term limits								
	13. Member representation								
	14. Regular board meetings								
	15. Athletes' participation								
	16. Referees' participation								
	17. Coaches' participation								
Internal accountability	18. Volunteers' participation								
	19. Employees' participation								
	20. Gender equality policy								
	21. Supervision of board								
	22. Board resignation procedures								
	23. Board eligibility rules								
	24. Clear governance structure								
	25. Supervision of management								
	26. Audit committee								
	27. Financial controls								
	28. Board self-evaluation								
	29. External audit								
	30. Code of conduct								
	31. Conflict of interest procedures								
	32. Complaint procedure								
Societal responsibility	33. Appeal procedure								
	34. Board meeting schedule								
	35. Governance consulting								
	36. Mitigating health risks								
	37. Combating sexual harassment								
	38. Anti-doping								
	39. Social inclusion								
	40. Anti-discrimination								
	41. Gender equality								
	42. Anti-match-fixing								
	43. Environmental sustainability								
	44. Dual careers								
	45. Sport for all								
	46. Athletes' rights								

Not relevant	Not fulfilled	Weak	Moderate	Good	Very good
	0-19 %	20-39 %	40-59 %	60-79 %	80-100 %

## Overview

This chapter on Dutch sports federations benchmarks the Dutch umbrella federation NOC\*NSF and the federations responsible for swimming, handball, athletics, field hockey, gymnastics, football, and tennis. Data was gathered from June to October 2017.

The average NSGO index score of the eight Dutch federations is 60%, which constitutes a 'good' score. This chapter finds that the federations achieve good scores in certain areas, while lagging behind in others.

The federations are aware of good governance, not in the least because of the introduction of the Sports Governance Code in 2005 and the annual monitoring that takes place based on that code. At the same time, the findings of the NSGO show that there is room for improvement and the recently published Sports Agreement (a joint aim of Dutch stakeholders to make better use of the power of sport for society) calls for the adaptation of the code.

This chapter continues as follows. The following section discusses the background and context of good governance in Dutch sports federations, devoting specific attention to policies and regulations that incentivise the implementation of elements of good governance. The subsequent section discusses the methods used for gathering and analysing data. The fourth section discusses the findings in detail, focusing on the federations' strengths and weaknesses in terms of the four NSGO dimensions of good governance. The final section summarises the main findings and explores the way forward regarding good governance in Dutch sports federations.

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<sup>26</sup> Frank van Eekeren, senior consultant, and Rutger de Kwaasteniet, PhD candidate, Utrecht University

## Context

The concept of good governance receives a great deal of attention both in the Dutch public and private sector, and in public and academic discourse. This chapter describes the history and culture of corporate and good governance in the Netherlands, the framework in which sport policy is developed, and the governance related sports policies and regulations within the Netherlands.

### Corporate governance culture

In the Netherlands, the concept of good governance has its origins in the development cooperation sector in the late 1980s, as a criterion that could be used for entering into, breaking down or changing aid relationships (Hoebink, 2011). Gradually, good governance did not only have a broader meaning, the concept also received different applications. Not in the least because of national and international fraud and corruption cases. Although the Netherlands is known as one of the least corrupt countries in the world,<sup>27</sup> scandals at Enron and Ahold also hit the Netherlands. So did a national fraud affair in the construction sector, discussions about bonuses and salary increases of business executives, and politicians' integrity affairs, which raised questions about the effectiveness and efficiency of governance, but also about transparency, integrity, democracy, and legitimacy (De Graaf and Huberts, 2011).

With this, the Governance Codes made their appearance. In the private sector, this concerns the corporate governance code drawn up by the Tabaksblat Committee in 2004. This code came about partly as a result of a number of large accounting scandals, including Ahold, and was intended to restore confidence in the private sector. Since January 1, 2005, Dutch listed companies are required by law to act in accordance with this code. This code has several interfaces with the American Sarbanes-Oxley Act. One of the most striking and deviant aspects of the Dutch code is the 'comply or explain' principle (Van Houwelingen and Degens, 2005). In April 2016, the code was updated with (more) focus on – among other things – the long-term value creation of a company, the strengthening of risk management, and the introduction of culture as an explicit part of corporate governance.

Currently, almost every sector and policy area in the public domain has a code for good governance (governance codes). The idea is that increasingly strict requirements are being imposed on public administration regarding effectiveness and accountability. It is no longer sufficient that laws and regulations are made, but the targets must also be realised and the public administration must also justify good governance (Addink, 2016). Examples of governance codes are: Good Governance Code in Public Administration, codes of good governance within primary and secondary education, and the good governance code within the sector of culture. The Sport Governance Code was introduced in 2005 (see paragraph 1.3).

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<sup>27</sup> See for example the list of Transparency International with the corruption deputies of countries, [www.transparency.org](http://www.transparency.org)



## Sport system

The Dutch sports system can be described as a social configuration. This implies that sports policy is not univocally determined by the government, but on the basis of cohabitation and collaboration between the government and the civil society in the form of the voluntary sports movement (Henry, 2009, p. 43; VOCASPORT research group, 2004, p. 59). The main actors within the sports policy system in the Netherlands are the Ministry of Public Health, Welfare and Sports, municipalities, and the voluntary sports sector in the form of the national sports umbrella organisation, NOC\*NSF, the national sports federations, and the local voluntary sports clubs (Waardenburg & van Bottenburg, 2013).

About 9 million people (66% of the population between the ages of 5 and 80) participate in sport four times or more a month (NOC\*NSF & GFK, 2018). Schools, commercial organisations, local community buildings, and playgrounds enable people to participate in sport. However, the large majority of sports participation and sports activities are organised through local voluntary sports clubs (Waardenburg & van Bottenburg, 2013). About 4.3 million of the mentioned 9 million people are members of local voluntary sports clubs (NOC\*NSF, 2016). There are 24.000 local voluntary sports clubs (NOC\*NSF, 2016), which are established on the basis of private initiative and have evolved into the biggest and most widespread organisation form for sport in the Netherlands (De Hart, 2005; van Bottenburg, 2013, p. 1).

The 24.000 local voluntary sports clubs are members of 75 national sports federations (NOC\*NSF, 2016). The national sports federations are established by the local voluntary sports clubs and their main task is therefore to represent the interests of the sports clubs as their members (van Bottenburg, 2013). The national sports federations are united in the National Olympic Committee and National Sports Federation (NOC\*NSF) as an umbrella organisation. The NOC\*NSF is the service organisation for national sports federations and represent the interests of these sports federations towards the government (Waardenburg & van Bottenburg, 2013). The NOC\*NSF can be seen as an independent entity which is responsible for both sport for all and elite sport within the Netherlands. The NOC\*NSF has the task of distributing money from the national lottery (Lotto) to the national sports federations on the basis of mutual arrangement (Waardenburg & van Bottenburg, 2013). Although the NOC\*NSF functions as an independent entity, its decisions still require approval from the General Meeting of representatives of national sports federations. This means that the national sports federations in fact make the final policy and budget decisions (Waardenburg & van Bottenburg, 2013).

The political interlocutor of the NOC\*NSF is the Dutch Ministry of Public Health, Welfare and Sports. The ministry represents the national government within sport in the Netherlands. Via the NOC\*NSF, the role of the ministry is primarily the coordination and encouragement of sport (Waardenburg & van Bottenburg, 2013). The most important governmental actors in the structure of sports within the Netherlands are the 380 municipalities. Municipalities develop and carry out their sports policy autonomously (van der Poel, 2014). In 2008, the municipalities accounted for 87% of the public spending on sports, mainly for the construction and financial management of sports facilities and

venues (Goossens et al., 2008). A trend within sports policy in the Netherlands is that municipalities increasingly see sport as a relevant sector to create public value (Waardenburg, 2016). Therefore, the social utilisation of sport has become an important item in the sports policy agenda of municipalities. On the basis of public grants, the municipalities encourage voluntary local sports clubs to exploit their public value. Against this background, voluntary local sports clubs are nowadays not merely a location where sport is organised, but also implementers of the municipalities' policies and educational institutes (Waardenburg, 2016).

## Governance-related sports policies and regulations

In the mid-2000s, Dutch sports associations were part of a dynamic and quickly changing environment. Former chairman of the NOC\*NSF, Hans Blankert, decided in response to developments in Dutch sports, such as legalisation, materialisation and the increasing difficulty of retaining volunteers, to create a Good Governance Committee (NOC\*NSF, 2005: 2, 8). Following the business community (Code Tabaksblad), it was decided to make agreements on good governance in sport (NOC\*NSF, 2005: 4-9). In 2005, the report "The 13 recommendations for good governance in sport" – also known as the *code of good governance in sport* – was published. The code concerns the governance of national sports federations (Commissie Goed Sportbestuur, 2005). In line with the Code Tabaksblad, Dutch sports federations have to comply with the 13 recommendations or explain why they don't.

The 13 recommendations include:

- Unity in policy, organisation and structure
- Elite sport statute
- Financial statute
- Control model
- Board functions
- Code of conduct
- Liability
- Transparency
- Resignation of board member
- Agenda of the board
- Management statute
- Control by General Assembly
- Statutes and regulations (f.e. disciplinary law, doping, etc)

After the publication of the code, the NOC\*NSF encouraged national sports federations to bring their internal arrangements in line with the code. The NOC\*NSF supports the national sports federations during the process of alignment. From January 2011, the NOC\*NSF included some of the recommendations within the minimal requirements for national sports federations. Sports federations in the Netherlands must comply with a number of minimum quality requirements to show that they can maintain the basic principles of good sports management and comply with the generally applicable rules

within the sport. If they do not meet the requirements, they will no longer receive funding from the Lotto money. The NOC\*NSF checks whether sports associations adhere to these minimum quality requirements by means of a self-scan that sports federations complete annually (NOC\*NSF, 2008: 26).

Recently, sports organisations, local government, national government, provinces, the business sector, and civil society organisations published a national agreement on sport – the so-called ‘Sportakkoord’ – to make better use of the power of sport (Ministry of Public Health, Welfare and Sports, VSG & NOC\*NSF, 2018). In this agreement, renewal of the current Code of Good Governance in Sport is announced. The new code should include competency profiles, as well as issues concerning integrity and diversity. The code should be a national framework, developed by the national sport federations that can be implemented in local sports clubs as well, taking into account their specific context.

## Methods

This chapter describes which national sports federations are involved in the National Sport Governance Observer, and how data was collected and analysed.

### Case selection

75 national sports federations are member of the NOC\*NSF. A sample of eight federations – seven single sport federations and the NOC\*NSF – was selected in accordance with the standardised NSGO methodology. The sample comprises the five compulsory sports (athletics, football, handball, swimming, and tennis), and three types of federations (field hockey, gymnastics, and the umbrella federation NOC\*NSF) that have a significant meaning in Dutch sports and that are relatively large in terms of affiliated members, both individual members and local voluntary sports clubs as members. The relative share of the mentioned sports federations in terms of individual members and local voluntary sport clubs, is shown in table below.

**Table 2: Size of sports federations**

<b>National Sport Federations</b>	<b>Number of individual members</b>	<b>Number of local voluntary sports clubs as members</b>	<b>Sport federations' relative share in terms of individual members</b>	<b>Sport federations' relative share in terms of local voluntary sports clubs</b>
Royal Dutch Lawn Tennis Federation (KNLTB)	582.918	1.682	11%	7%
Royal Dutch Football Federation (KNVB)	1.231.561	3.143	23%	13%
Royal Dutch Swimming Federation (KNZB)	140.565	505	3%	2%
Royal Dutch Athletics Federation (KNAU)	139.654	390	3%	2%
Netherlands Handball Federation (NHV)	49.378	374	1%	2%
Royal Dutch Gymnastics Federation (KNGU)	309.460	1.023	6%	4%
Royal Dutch Hockey Federation (KNHB)	253.351	320	5%	1%
NOC*NSF (all members of Dutch sport federations)	5.276.778	24.546		

## Data collection

Data collection was conducted in accordance with the standardised NSGO data gathering process. From June 2017 to October 2017, Utrecht University gathered data from the eight federations. The method during the investigation consisted of six phases:

Phase 1: Selecting and contacting the national sports federations. The selected associations were informed about the content of the research and the process of the research. All the sports federations appointed a contact person to help the researchers with gathering information.

Phase 2: Collecting data and assigning the scores. The researchers conducted desk research in the form of studying the websites, statutes, internal regulations, and other relevant documents of the sports federations. Subsequently, the first scores were calculated and an overview of missing information was made.

Phase 3: This phase was about feedback. The researchers conducted interviews with the national sports federations, in which they requested the federations to hand over the missing information.

Phase 4: The second round in which scores were assigned. The researchers assigned the scores on the basis of the feedback that was given in the third phase.

Phase 5: In this phase, the last round of feedback took place. The researchers sent the scores to the participating national sports federations and conducted interviews regarding the federations' agreement with the scores. In the fifth phase, some scores were adjusted on the basis of additional evidence.

Phase 6: The scores were definitively assigned. The national sports federations were informed about the definitive scores. For each association, a report about good governance was written. Among other things, the reports consist of recommendations and items for improvement.

## Data analysis

The scores of the national sports federations were calculated in a standardised score sheet. This score sheet is used in all European countries that participate in the NSGO research project. The sheet is composed by the team managing the NSGO research on the European level. Among other things, the standardised score sheet consists of an 'overview' tab where general information about the national sports associations is defined.

To ensure that the researchers graded the same scores equally, two collective meetings were organised. One meeting took place between the first and second phase; one meeting took place between the fifth and sixth phase. Subsequently, the manager of the NSGO study within the Netherlands had a dialogue with the researchers about the methods,

analyses and scores. Furthermore, the manager of the NSGO study within the Netherlands and the manager of the NSGO study in Europe discussed the scores to avoid ambiguities.

## Results

The Dutch national sports federations that participate in the NSGO study score 60% in the NSGO index of good governance. Therefore, it can be said that there is actual 'good' governance within sports federations in the Netherlands. On average, the sports federations score the highest on the dimensions of transparency (66%), followed by the dimensions of societal responsibility (61%), internal accountability and control (59%) and democracy (54%). In the subsequent paragraphs, the scores of the national sports federations are clarified.

### Transparency

Dutch sports federations receive the highest scores on the dimension of transparency. Also, the spread between the federations with the highest and the lowest scores on one of the four dimensions of good governance is smallest on the dimension of transparency.

All of the participating sports federations achieved a maximum score on the first principle of the transparency dimension; 'the organisation publishes its statutes/constitution, internal regulations, organisation chart, sports rules, and multi-annual policy plan on its website'. The sport federations almost achieved a maximum score on the principle 'the organisation publishes information about its members (athletes and clubs) on its website' (96%), and a high score on the principle 'the organisation publishes the agenda and minutes of its general assembly meeting on its website' (91%).

The sport federations achieved the lowest score on the principles 'the organisation publishes regulations and reports on the remuneration, including compensation and bonuses, of its board members on its website', and 'the organisation publishes board decisions on its website' (both 34%). A possible explanation for the low score on the principle about the publishing of remunerations is that within Dutch culture it is not 'common' to be transparent about remunerations.

It can be concluded that the national sports federations are relatively transparent about their statutes, internal regulations, multi-annual policy, agenda, minutes of its general assembly, and its members. The sport federations are relatively less transparent about the remunerations and decisions of their board members. It is remarkable that the general assembly and long-term decisions are easy to follow on the basis of annual reports, while the policy and decisions of the board are not.

Below, the average scores of the eight Dutch sports federations are shown:

**Table 3: Transparency – average scores per principle**

Principle number	Principle	Average score
1	The organisation publishes its statutes/ constitution, internal regulations, organisation chart, sports rules and multi-annual policy plan on its website.	100%
2	The organisation publishes the agenda and minutes of its general assembly meeting on its website.	91%
3	The organisation publishes board decisions on its website.	34%
4	The organisation publishes information about its board members on its website.	44%
5	The organisation publishes information about its members (athletes and clubs) on its website.	96%
6	The organisation publishes an annual report, including financial statements, on its website.	64%
7	The organisation publishes regulations and reports on the remuneration, including compensation and bonuses, of its board members on its website.	34%

## Democratic processes

Dutch sports federations score on average the lowest on the dimension of democracy (54%). The highest score of a sports federation is 72%, the lowest 39%. The low average is caused by the relative low scores on the principles concerning involvement of stakeholders. In general, sports federations have explicit agreements about the involvement of athletes in decision making processes. However, that agreement does not concern referees, coaches and volunteers. Even though, the involvement of referees, coaches and volunteers is assumed to be ensured, because these stakeholders are members of the sports federations and therefore can be involved in policy and decision making processes of the sports federations.

The sports federations achieved the highest scores on the principles ‘the organisation has established term limits as well as a retirement schedule’ and ‘the general assembly represents all affiliated members and meets at least once a year’ (as appears in the graphics below, both 88%). Furthermore, the sports federations receive high scores on the principle of ‘board members are democratically (re-)appointed according to clear procedures’ (84%). Six sports federations score 100% on this principle.

The sports federations achieved the lowest score on the principle ‘the organisation ensures the participation of volunteers in its policy processes’ (25%). A low score was also achieved on the principle ‘the organisation has a nomination committee’ (27%). The appointment of board members takes place on the basis of general applicable democratic norms. However, sports federations do not frequently appoint a nomination committee with clear responsibilities and authorities. Therefore, it is often not clearly described who are asked and nominated as board members.

A strikingly low score is achieved on the principle ‘the organisation implements a gender equality policy’ (28%). There is only one sports federation that score 100% on this principle.

The low score is remarkable because in practice gender equality in boards (of sports federations) is highly debated. In the Netherlands, 19% of the members of the boards of sports federations are women in 2017 (Van Liere, 2017). In 35% of the boards of sports federations within the Netherlands, there are no women represented (Van Liere, 2017).

It is remarkable as well that none of the sports federations use a quorum of minimal 75% at the general assembly and board meetings, while that is internationally seen a common norm. Two of the sports federations uses a quorum of 50%; the other federations have not determined a quorum. Possible explanations are the low turnout at general meetings and the fact that many sports federations are implementing new forms of representation. Nevertheless, hybrid forms are visible. For example, there is a sports federation that uses a quorum of 50% for specific topics as for example the appointment of board members and the approval of annual accounts.

Below, the average scores of the eight Dutch sports federations are shown:

**Table 4: Democratic processes – average scores per principle**

Principle number	Principle	Average score
8	Board members are democratically (re-)appointed according to clear procedures.	84%
9	The organisation takes steps to achieve a differentiated and balanced composition of its board.	47%
10	The organisation has a nomination committee.	27%
11	The organisation establishes a quorum (a minimum number of attendees required to conduct business and to cast votes) in its statutes or internal regulations for the board and the general assembly.	47%
12	The organisation has established term limits as well as a retirement schedule.	88%
13	The general assembly represents all affiliated members and meets at least once a year.	88%
14	The board meets regularly.	53%
15	The organisation ensures the participation of athletes its policy processes.	59%
16	The organisation ensures the participation of referees its policy processes.	32%
17	The organisation ensures the participation of coaches its policy processes.	32%
18	The organisation ensures the participation of volunteers its policy processes.	25%
19	The organisation ensures the participation of employees its policy processes	75%
20	The organisation implements a gender equality policy.	28%



## Internal accountability and control

Within the internal accountability and control dimension there is a considerable spread between the scores of the principles. This means that the differences between the federations are significant. They pay attention to all the principles, but they do not score equally well on all components (indicators).

The federations receive the highest score with regards to applying a clear organisational structure, taking into account the principle of separation of powers (78%). Also, they have a high score on the principle: 'The general assembly supervises the board appropriately' (76%).

All associations provide good internal and external financial supervision, but hardly any external evaluation and supervision of their own composition and operation is conducted. The lowest average score (27%) is found on the principle 'the board annually evaluates its own composition and performance'. One federation is the exception with a 100% score. A remarkable, relatively low score (31%) is on 'the board establishes procedures regarding the premature resignation of board members'. There is only one federation that has laid down procedures in the internal regulations concerning the interim resignation of members of the board of directors in the event of malfunctioning and in case of repeated absence. Another point of improvement concerns the complaints procedure. Preventing negative consequences for whistleblowers is only regulated by two federations, while this is a crucial condition for people to submit complaints.

**Table 5: Internal accountability and control – average scores per principle**

Principle number	Principle	Average score
21	The general assembly supervises the board appropriately.	76%
22	The board establishes procedures regarding the premature resignation of board members.	31%
23	The organisation defines in its statutes those circumstances in which, due to a serious conflict of interest, a person is ineligible to serve as a member of the board.	58%
24	The organisation applies a clear governance structure according to the principle of separation of powers.	78%
25	The board supervises management appropriately.	61%
26	The organisation has an internal financial or audit committee.	50%
27	The organisation implements a financial control system.	55%
28	The board annually evaluates its own composition and performance.	27%
29	The organisation's finances are externally audited by an independent auditor.	71%
30	The organisation has or recognises a code of conduct applicable to the members of the board, management and personnel.	70%
31	The board establishes clear conflicts of interest procedures that apply to the members of the board.	53%
32	The board establishes procedures for the processing of complaints in the internal regulations.	67%
33	The organisation's decisions can be contested through internal or external mechanisms.	68%
34	The board adopts an annual meeting schedule.	68%

## Societal responsibility

The spread of scores between federations is widest on the dimension of social involvement. One federation achieves an almost maximum score on all 91 indicators (on average 90%), another federation does not exceed 31%.

The highest score (92%) is achieved on the principle 'the organisation implements a policy on promoting sport for all'. This should not surprise us in the light of the history of organised sport in the Netherlands and the traditional connectedness of elite sports and recreational sports within the federations.

The federations achieve another high score (85%) on the principle that demands attention for the fight against sexual harassment in sport. It is a current theme in the Netherlands, where federations take action. Three federations score 100% here. The federations also devote a great deal of attention to doping control.

The federations also score relatively high (82%) when it comes to advising member organisations in the field of management and governance. The federations are paying attention to this: all eight federations are transferring knowledge to their member clubs regarding management and governance.

Relatively little attention (31%) is paid to the principle 'the organisation implements a policy to promote gender equality in sport' – although this principle may also be less urgent in sports such as handball, hockey and gymnastics.

The lowest score (27%) is achieved by the eight federations on the principle 'the organisation implements a policy for the promotion of environmental sustainability'. It raises the question whether or not they consider environmental sustainability as their task, or whether they do not know how to make policies on this subject.

Finally, it is remarkable that the boards never or hardly ever evaluate the impact of their policy on social involvement.

**Table 6: Societal responsibility – average scores per principle.**

<b>Principle number</b>	<b>Principle</b>	<b>Average score</b>
35	The organisation offers consulting to its member organisations in the areas of management or governance.	82%
36	The organisation implements a policy aimed at mitigating the health risks of sporting activities.	63%
37	The organisation implements a policy on combating sexual harassment in sport.	85%
38	The organisation implements an anti-doping policy.	73%
39	The organisation implements a policy on social inclusion through sport.	67%
40	The organisation implements a policy combating discrimination in sport.	52%
41	The organisation implements a policy to promote gender equality in sport.	31%
42	The organisation implements a policy to combat match-fixing.	48%
43	The organisation implements a policy for the promotion of environmental sustainability.	27%
44	The organisation implements a policy on promoting the dual career of athletes.	60%
45	The organisation implements a policy on promoting sport for all.	92%
46	The organisation ensures the fair treatment of professional athletes.	40%

## Discussions and policy implications

It can be concluded that the eight federations studied are aware of the importance of good governance and pay attention to many parts of it. The overall score of 60% can be qualified as 'good'.

The dimension with the best score is transparency. Much relevant information is accessible, allowing outsiders to monitor the internal workings of the association. For example, all federations provide insight into their internal regulations and multi-year plans.

The lowest scoring dimension is democracy. This is mainly due to the often lack of established selection and appointment procedures for board members, low (formal) committed involvement of stakeholders in policy development and the lack of policies aimed at involving women in boards. On the internal accountability and control dimension, all associations score well on internal and external financial supervision. However, they do not, or hardly ever, provide external supervision of the functioning of the board. The difference in attention and policies regarding the dimension social responsibility is significant. For example, one federation meets 90% of the indicators focused on issues such as supporting member organisations, combating doping use, match fixing and sexual harassment and promoting inclusion. Another scores only 30%.

In addition to the strengths and the overall 'good' score, there is room for improvement. It is remarkable that the boards seem to spare themselves. Lack of clarity about the powers of appointment committees, little openness about fees, not always clear agreements and openness about the grounds on which someone can be relieved of his or her board position, the often lack of external supervision of the functioning of the board, no agreements on gender equality, and the regular lack of evaluations of the impact of policy – these are all issues that need improvement. The relatively low score on the combination of these indicators makes it possible for internal and external stakeholders to raise questions about the composition, functioning and exemplary behaviour of the board. This may result in stakeholders having less confidence in the boards and less support for their decisions and policies.

The federations are aware of good governance, not in the least because of the introduction of the Sport Governance Code in 2005 and the annual monitor that takes place based on the code. At the same time, questions can be raised about whether compliance with rules leads to actual behavioural and cultural change. The findings of the NSGO show that there is room for improvement and the recently published Sports Agreement (a joint aim of Dutch stakeholders to make better use of the power of sport for society) calls for the adaptation of the code. This leads to the following questions:

- In what way can good governance in the Netherlands be further stimulated, so that the issues for improvement deriving from the NSGO actually receive attention within the federations?
- Is there a need in this context for adapting the current Sport Governance Code, and if so, in what way?

- Is this a matter for the sport sector alone or should this be realised with external parties?

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# NATIONAL SPORTS GOVERNANCE OBSERVER

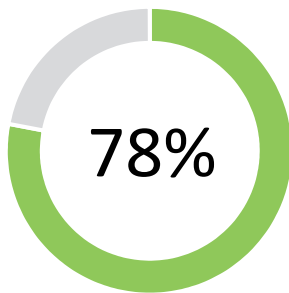
## COUNTRY REPORT: NORWAY



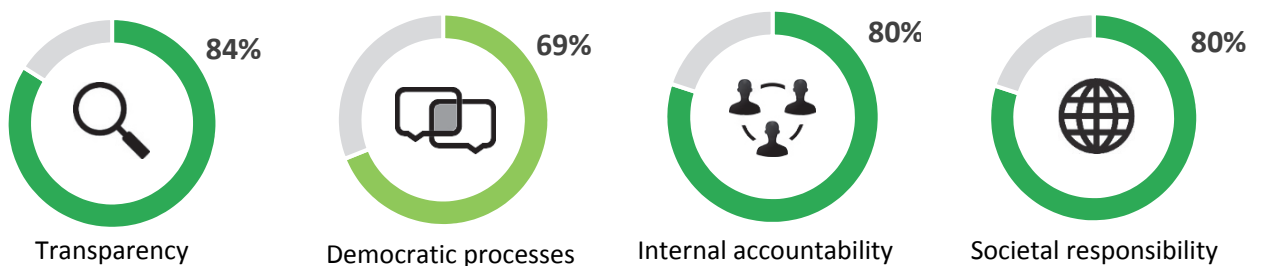
## Key results: Norway

Figures 1, 2, and 3 show Norway's main NSGO scores. Table 1 summarises the surveyed federations' principle scores by showing their corresponding labels.

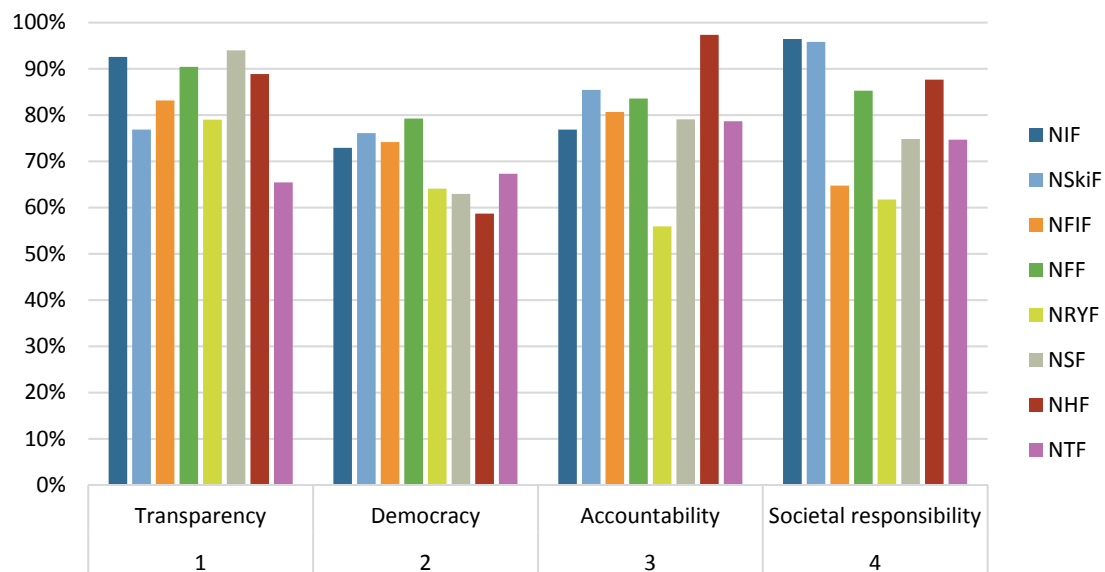
**Figure 1: Norway's overall NSGO index score**



**Figure 2: Norway's scores on the four NSGO dimensions**



**Figure 3: The surveyed Norwegian sports federations' scores on the four NSGO dimensions**



See table 2 for the federations' full names.

**Table 1: The surveyed Norwegian federations' scores on the 46 NSGO principles**

	Principle	NIF	NSkiF	NFIF	NFF	NRYF	NSF	NHF	NTF
Transparency	1. Legal and policy documents								
	2. General assembly								
	3. Board decisions								
	4. Board members								
	5. Athletes and clubs								
	6. Annual report								
	7. Remuneration								
Democratic processes	8. Elections of board members								
	9. Policy for differentiated board								
	10. Nomination committee								
	11. Quorums								
	12. Term limits								
	13. Member representation								
	14. Regular board meetings								
	15. Athletes' participation								
	16. Referees' participation								
	17. Coaches' participation								
	18. Volunteers' participation								
	19. Employees' participation								
	20. Gender equality policy								
Internal accountability	21. Supervision of board								
	22. Board resignation procedures								
	23. Board eligibility rules								
	24. Clear governance structure								
	25. Supervision of management								
	26. Audit committee								
	27. Financial controls								
	28. Board self-evaluation								
	29. External audit								
	30. Code of conduct								
	31. Conflict of interest procedures								
	32. Complaint procedure								
	33. Appeal procedure								
	34. Board meeting schedule								
Societal responsibility	35. Governance consulting								
	36. Mitigating health risks								
	37. Combating sexual harassment								
	38. Anti-doping								
	39. Social inclusion								
	40. Anti-discrimination								
	41. Gender equality								
	42. Anti-match-fixing								
	43. Environmental sustainability								
	44. Dual careers								
	45. Sport for all								
	46. Athletes' rights								

Not relevant	Not fulfilled	Weak	Moderate	Good	Very good
	0-19 %	20-39 %	40-59 %	60-79 %	80-100 %

*By Oskar Solenes, Hallgeir Gammelsæter, and Birnir Egilsson*

## Overview

This chapter on Norwegian sports federations benchmarks the Norwegian umbrella organisation (Norwegian Olympic and Paralympic Committee and Confederation of Sports (NIF)) and the specialised sports federations organising athletics, equestrian sports, football, gymnastics, handball, skiing, swimming, and tennis<sup>28</sup>. Data was gathered between November 2017 and August 2018.

The average NSGO index of the Norwegian national sports federations is 78%. The Norwegian federations achieve a very good score in three dimensions (transparency, accountability and societal responsibility), and in the fourth dimension, democracy, the average score is good. Even though the score is high among the Norwegian sports organisations, there is still room for improvement.

This chapter proceeds as follows: The first section discusses the background and context of good governance in Norwegian sports federations, devoting specific attention to policies and regulations aiming at implementing elements of good governance. The subsequent section discusses the methods used for gathering and analysing data. The third section discusses the findings in detail, focusing on the federations' strengths and weaknesses in terms of the four NSGO dimensions of good governance. The final section summarises the main findings and explores the way forward regarding good governance in Norwegian sports federations.

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## Context

### Corporate governance culture

In Norway 'codes of good governance' for all sectors of labour are regulated through a diversity of laws covering such issues as discrimination, pollution, corruption, labour rights, and harassment. Most employment contracts are regulated by the Working Environment Act and in the public sector, the Civil Service Act of 2017 contains specific rules on, among other things, protection against dismissals. In the case of disputes, the Labour Disputes Act and the Public Service Labour Disputes Act come into effect, regulating how conflicts in the workplace should be resolved. In Norwegian legislation there is also various Discrimination Acts relating to equality and a prohibition against discrimination as well as a Pollution Control Act. Associated with these acts are typically public debate and negotiations and collective agreements among the labour unions, employer associations, and the government.

The legislation has developed over generations, and, in aggregate, it contains the codes of governance of Norwegian working life. Voluntary work and associations are susceptible to the same legislation as long as they engage in paid work; hence, there is no specific law for voluntary associations beyond registration requirements. As will be outlined below, Norwegian sport has developed its own law, which requires those involved in sports activities to be members of voluntary clubs. In this sense, the sports law on one hand and the code of conduct in labour relationships on the other both cover professional athletes. While the debates of conduct and ethics in society at large spill over to the sports sector, the sports structure and its autonomous regulation is not a mere reflection of the codes of working, basically because in voluntary associations the status of those involved in sport is that of member and not employee.

### Sports system

Norwegian sport is closely associated with the abbreviation NIF<sup>29</sup>, the umbrella federation, or confederation, for all Norwegian sports. This includes the national Olympic Committee, which in 1995 merged with NIF. NIF's General Assembly is held every fourth year and is the supreme governing body of organised sport in Norway. Delegates to this meeting represent the 54 national sports federations in the country and 19 regional NIF confederations (which are branches of NIF, but with their own bi-annual general assemblies). These associations oversee more than 12,000 clubs and 360 sports councils at the municipality level. The number of individual memberships (individuals may be members of several clubs) is about 2.1 million. The Norwegian population is 5.2 million.

The law of sports, often referred to as 'NIF's law', is developed and approved by NIF and its General Assembly. It has no reference to the constitution of the nation and does not have to be approved by parliament. Obviously, the parliament, Stortinget, would react if the law violated constitutional law, but this has hardly been an issue. On the contrary,

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<sup>29</sup> The full name in English is The Norwegian Olympic and Paralympic Committee and Confederation of Sports

sports matters are very infrequently debated in Stortinget. Sport is very seldom an issue of political controversy, and politicians keep an arm's length to debates over sports issues. This means there is widespread political support for the autonomy of voluntary sports, and NIF is, and have been, seen as an efficient instrument for developing and implementing sports policy. One of the reasons for this almost apolitical approach is that the public financial support of sports is not included in the national budget. This means that sports issues are not up for debate on a regular basis. Sport is financed by lottery money from the national lottery, Norsk Tipping. The parliament decides the distribution key for the surplus of the lottery (culture and humanitarian institutions are other beneficiaries), but as the key is not changed very often it is only infrequently debated. This means that the annual revenue and transfer to sport depends on the profit of the lottery rather than political bargaining and negotiation. However, the Ministry of Culture intervenes to influence the spending of the money by NIF. For example, it may earmark funds for particular ambitions and restrict the spending to administration.

The relationship between NIF and the Ministry of Culture, Department of Sport, has been referred to as a corporative system and even a family relationship, which has been developed over the post-World War II era (see below). The family allusion refers to the historically close relationship, interaction and similarities in sports policy views. To some extent, it has also proved to be a circular labour market with employees moving between the Ministry and NIF and vice versa. Over the last three years, the harmonious relationship has been tested, following public media debate over issues such as increasing management salaries, increasing bureaucracy, lack of transparency, and excessive spending on representation in general and associated with the Oslo 2022 Olympic bid (which did not materialise due to lack of public support) in particular.

Given the umbrella structure of Norwegian sport, NIF's law applies to all 54 national sports organisations. This means that the constitution of the single associations is very similar and with frequent references to NIF's constitution. Byelaws can be added by their own General Assembly, but these may not conflict with the joint constitution.

All club or organisation members of NIF are based on voluntary membership, and no member is corporatised. In other words, companies do not have voting rights in Norwegian sports. This means that all members have equal rights, and from the age of 15 individual members can vote in their club's annual assembly, be elected to represent their club at the regional or national levels etc. All individual memberships are on club basis, meaning that there are no individual memberships in the national sports associations or confederation (NIF) (honorary memberships may be seen as an exception, but those awarded this title are already club members). Furthermore, professional athletes, including foreign athletes (particularly in football, handball, and ice hockey), are not eligible to work and compete in domestic competition unless they are members of an association club. There are exceptions for invitees in individual sports, when these athletes represent their own countries.

The philosophy of equality materialising through voluntary and democratic associations has some implications that, perhaps ironically, may look undemocratic. Because all athletes, coaches, umpires and other staff are perceived as members with equal rights, they are seen as represented as such and having the same voting rights and channels of influence as other members. Thus, they are in principle not recognised as employees or stakeholder groups that should be awarded special representation in the organisation structure. This means they do not normally have a special seat on the board or special rights of representation. Arguably, such representation could be seen as a violation of the equal rights principle on which the association pyramid is based, but with the advent of professionalism, it also has the effect that athletes that practice sports as a living enjoy the same rights as those that do it for leisure. The implication is that if democracy and accountability is measured in accordance with the principle of representative democracy, Norwegian sports scores very well. However, if measured as access and representation by stakeholder groups in the formal Norwegian sports structure, its scores would be less impressive.

This is not the whole picture, however. While clubs employing professional players have liaised with the dominant employer association in Norway, the Confederation of Norwegian Enterprise, more than 1100 professional athletes are organised in NISO, the sports branch of the Norwegian Confederation of Trade Unions. This means that the labour relationship between sport as an employer and athletes as employees is largely organised outside the formal structure of sport. Hence, professional athletes in Norway largely enjoy the same rights of protest and opposition, like going on strike, as do other employees. NISO also offers its members assistance to education and preparation for non-sports careers and as such, it relieves the sports system of these responsibilities.

With the increasing professionalisation and commercialisation of sports, the number of private stakeholders has increased in the Norwegian sports landscape. These stakeholders' access to the decision-making bodies of NIF and its members is blocked by the requirement that only members can vote. Even in sports that are substantially bolstered by private money, clubs must have the association structure to participation in competitions and in formal decision processes. However, it is common for these associations to collaborate with a corporation that is set up to finance the club. While these organisations are excluded from influence through the NIF system, they exert power through other channels and through the finances, they provide.

As can be deduced from the outline above, the Norwegian sports model is likened to a sports policy system referred to as the missionary by Vocasport (2004) and Henry (2009). It is a model that on the one hand is characterised by decentralisation from state policy making, while on the other it is internally centralised under the auspices and guidance of NIF, which effectively 'monopolises' Norwegian sports under its constitution. This model is strongly supported by the state because the state may deal with one body in sports matters, rather than two competing associations or a multitude of organisations. In terms of sports governance, this is effective in the sense that national sports organisations must comply with the standards set by NIF, and efficient in the sense that sports organisations

use NIF as a resource in matters where small associations in particular may not be able to keep a professional office staff.

## Governance-related sports policies and regulations

Since the Norwegian government supported the first national sports organisation in 1863, Norwegian sport has received government funding. Arguments for government funding have changed over time between military, public health, national pride, the democratic value of sport, cultural integration and more. In 1946, following the Second World War, the Norwegian Parliament opened up for Norsk Tipping, the state lottery, as a mean to fund sports and especially the reconstruction of sports facilities. A governmental office for youth and sports was established with the aim to spend the revenues from the pool, and to fund the building of sports facilities. Through this activity, a practical sports policy was developed (Goksøyr, 2005). The funds of the lottery were channelled outside the national budget and the governmental office of Youth and Sport was in many cases given a *carte blanche* in spending the funds.

In 1973, a national sports policy was included in a white paper on culture. For the first time, sport was included as part of Norwegian cultural life. The term 'sport for all' was introduced, and the position of elite sports was discussed. The year after, a new government introduced a new white paper on culture where, among other things, it was specified that elite sport was also included in 'sport for all'. From 1973 to 1983, four different governments wrote four different white papers on culture, establishing sport as part of an expanded understanding of culture (Goksøyr, 2008). The last one, in 1983, opened up for new ways to fund sports and to decrease public responsibility, and in 1985 NIF made a historical ruling by lifting the ban on professional sports. However, the model with autonomous, voluntary sports clubs was kept, and no corporations or listed companies was given access to sport's governing bodies.

In 1991/1992 the Norwegian government for the first time presented a white paper solely devoted to sport. It confirmed the model that had developed since 1946: Pillars should be sport for all, voluntary sports, elite sports growing out of grassroots sports, regulations on children sports, gender equality and a mix of public and private funding. Even though times were changing, the next white papers on sport in 1999/2000 and in 2011/2012 confirmed the Norwegian model, but voices were also raised challenging the idea of a strong centralised umbrella and few opportunities for organisations outside the established sports to receive public funding (Goksøyr, 2008).

## Methods

There are 54 sports federations, all under the umbrella of NIF, which receive funding from the Norwegian government. For this project, a sample of eight federations was selected in accordance with the standardised NSGO methodology (see table 2). The sample comprises the five compulsory sports in the NSGO benchmark (athletics, football, handball, swimming, and tennis), and the three mandatory federations, which in the Norwegian case includes NIF as the umbrella organisation, skiing, which is one of the largest federations in Norwegian sports, and finally equestrian sports. The sample presents one small federation (tennis), three mid-size federations (athletics, equestrian sports, and swimming), and four large federations (football, handball, skiing, and the umbrella federation).

Data collection was conducted in accordance with the standardised NSGO data gathering process:

1. Selecting and contacting federations
2. Data gathering and first preliminary scoring
3. Feedback
4. Second preliminary scoring
5. Final feedback
6. Final scoring

A research team at Molde University College carried out phase one and two in the period between November 2017 and March 2018. Three researchers, that each were responsible for a number of federations, conducted phase three to six between March-August 2018. All federations reviewed and supplemented the data. The federations' scores were aggregated on the basis of the standardised NSGO excel sheets.

The indicators determined not relevant correspond with the standard NSGO indicators not applicable for small and mid-size federations. Four organisations (athletics, equestrian, skiing and swimming) were assessed not relevant in principle 42, match fixing, as there is no organised betting within these sports in Norway. In addition, principle 16 was determined not relevant for NIF and skiing, as well as principle 17 and 46 in the case of NIF due to the specific mandate of the organisation.



**Table 2: Sport, official name, and official acronym of sample federations**

<b>Sport</b>	<b>Official name</b>	<b>Official acronym</b>	<b>Number of affiliated clubs</b>	<b>Number of affiliated members</b>	<b>Size, #employees</b>
Umbrella federation	Norges idrettsforbund	NIF	12.178	2.100.000	30 or more
Athletics	Norges friidrettsforbund	NFIF	846	77.000	10 or more, but less than 30
Football	Norges Fotballforbund	NFF	1.795	/	30 or more
Handball	Norges Håndballforbund	NHF	715	127.572	30 or more
Equestrian sports	Norges Rydderforbund	NRYF	340	32.000	10 or more, but less than 30
Skiing	Norges Skiforbund	NSF*	1.150	150.000	30 or more
Swimming	Norges Svømmeforbund	NSF	285	67.000	10 or more, but less than 30
Tennis	Norges Tennisforbund	NTF	135	/	Less than 10
* To avoid confusion this report uses NSKiF whenever appropriate.					

## Results

The Norwegian NSGO index is 78% and corresponds with the label 'good'. The transparency dimension is classified as 'very good', with an average score of 84%. This is the highest score in the Norwegian material. The democracy dimension has the lowest average score with 69 %, classified as 'good'. Both accountability and societal responsibility scores on average 80 %, hence both are classified 'very good'.

### Dimension 1: Transparency

Overall, the Norwegian sports organisations score very good on transparency with 84 %. Out of the seven principles included in the transparency dimension, four are labelled 'very good' and three are 'good'. In general, Norwegian sports organisations are 'very good' (100%) in regards to publishing statuses, internal regulations, organisation charts, sports rules and multi-annual policy plans on their websites (principle 1), and they are 'very good' at publishing the agenda and minutes from their general assembly on their websites (principle 2).

The principle with the lowest average score is principle 4 (60%), 'The organisation publishes information about their board members on their webpages'. The scores vary between 33% in three federations, to 83% in those with the highest score.

Principle 3, 'The organisation publishes board decisions on its website', is labelled 'good' with an average of 69%. Six of the eight organisations are labelled 'good' or 'very good', and one is 'moderate'. One of the organisations does not publish minutes from its board meetings at the time of data collection. However, the General Assembly has decided that the organisation will publish its minutes in the future, and the acting board has decided to publish minutes for the acting period, one year in retrospect.

### Dimension 2: Democratic processes

Dimension 2, democratic processes, is the weakest of the four dimensions in the Norwegian material. Still, with an average score of 69%, the total score is classified as 'good'. The Norwegian organisations are very good (100%) in ensuring the participation of the volunteers in policy processes (principle 18), they are very good (94%) at ensuring that board members are democratically (re-)appointed according to clear procedures (principle 8) and they are very good (94%) at implementing a gender equality policy. This corresponds well with the democratic traditions in Norway, and the two latter are even regulated by NIF-law.

The federations are moderately good (38%) at establishing term limits as well as a retirement schedule for board members (principle 12). This is the lowest average score within this dimension, but also the lowest score of all principles in the Norwegian case. Three of the organisations do not fulfil this principle, as they do not have term limits nor a phase schedule for retirement of board members securing continuity of the board. Four of the federations are classified as 'moderate', and one is 'very good'.

Norwegian sports organisations are also moderately good (47%) at achieving a differentiated and balanced composition of their boards (principle 9). Two of the federations (swimming and football) are 'very good' at this, and have a document establishing the desired profiles of each board member, which is based on the long-term policy plan, approved by the general assembly, and which is used in the evaluation of the work of the board. Of the remaining six federations, two do not fulfil these criteria, another two have an average score of 25%, which is 'weak', one is 'moderate' (50%) and one is 'good' (75%).

In developing systems ensuring that different stakeholders and interests are heard within the organisation, our data shows that the organisations are moderate in involving athletes (44%) and coaches (54%) in policy processes, but 'good' when it comes to involving referees (63%). As outlined in chapter 2, the scores may be explained by the traditional association structure where athletes, coaches etc. are seen as members and have representation as members, not as professional employees.

### Dimension 3: Internal accountability and control

When it comes to internal accountability, Norwegian sports organisations are 'very good', with an average score of 80%. All federations have internal financing and auditing committees (principle 26), they have financial control systems (principle 27) and they have established clear conflict of interest procedures that applies to members of the board (principle 31).

Principle 22, 'The board establishes procedures regarding the premature resignation of board members', has the lowest score (54%) and is classified as 'moderate'. For two of the organisations this principle is not fulfilled (17%), two are 'weak' (33%), while the remaining organisations are either 'good' (2) or 'very good' (2). Principle 25, 'The board supervises management appropriately', has an average score of 63%, which is 'good'. One of the federations has not fulfilled this principle (17%), two are 'weak' (33%), and one 'moderate' (50%), while the remaining are either 'good' (1) or 'very good' (3).

The principle with the third lowest score is principle 30: 'The organisation has or recognises a code of conduct applicable to the members of the board, management.' The average score (69%) is classified as 'good'. Two of the organisations do not apply this principle, while the remaining six are 'very good'.

### Dimension 4: Societal responsibility

The score in the last dimension is also classified as 'good', with an average of 80%. Out of the 12 principles in dimension 4, nine are classified as 'very good', two are 'good' and one is 'moderate'. All organisations are very good (100%) at implementing anti-doping policies, policies to combat match-fixing (100%), and at offering consultation to its member organisations in the areas of management or governance (96%). Even though the organisations are very good at addressing the issues of match-fixing, there is a split in the material. Four of the organisations scored 100%, while this was not considered relevant for

the four remaining federations, as there is no organised betting within these sports in Norway.

The three principles with the lowest average score are principles 43, 44 and 46. In average the organisations are moderate (44 %) at implementing a policy for the promotion of environmental sustainability (principle 43) (this is also the principle with the second lowest score of all 46 principles in the Norwegian material). Among the eight organisations, three are 'very good' at this, one is 'moderate', while the remaining are either 'weak' (1) or do 'not fulfill' (3). When it comes to promoting a dual career for athletes (principle 44) the average score is 60%. Again, the results vary as four organisations are 'very good', one is 'moderate', one is 'weak' and two score 'not fulfilled'.

Finally, the organisations are 'good' (71%) at ensuring fair treatment of professional athletes (principle 46), which includes minimum requirements on standard athlete contracts, minimum wages, disciplinary rules with sanctions, and procedures of resolving disputes. Four of the federations have a 'very good' score, one is 'good', one is 'moderate' and one is 'weak'. For the umbrella organisation (NIF), this criterion is not relevant, because the responsibilities for professional athletes reside in each of the specialised sports federations.

## Discussion and policy implications

With an average NSGO index score of 78%, the Norwegian sports federations achieve good scores on good governance. In general, it is fair to say that Norwegian sport seems to be well governed. In most cases tools, policies etc., which the NSGO project expects to be in place in order to have good governance, are present. Still, there are some areas with room for improvement.

Regarding transparency, the Norwegian federations are very good at publishing policy documents, agendas and minutes from general assemblies, administrative regulations and sports rules. On the other hand, there is room for improvement in informing about the work of the board, background for important rulings and the background of board members. Specific attention should be devoted to improve this in the future, as this seems important in order to avoid accusations of closed and undemocratic processes.

Concerning democratic processes, this is the dimension with the lowest average score among the Norwegian federations. This might come as a surprise as Norway in most cases is described as a society with great emphasis on democracy and democratic values. In general, the federations are very good in ensuring democratic elections and re-elections of members of boards and standing committees and there are clear regulations on gender equality in the composition of the board, which all organisations seem to enforce. On the other hand, there is room for improvement especially when it comes to establishing term limits for board members, in achieving a differentiated and balanced composition of the board (besides gender), and in including internal stakeholders like athletes, coaches and referees.

When it comes to internal accountability, Norwegian sports federations are 'very good'. They keep internal financing and auditing committees, implement financial control systems and establish clear conflict of interest procedures that apply to members of the board. Areas of improvement include procedures for early retirement, board supervision of management and having a code of conduct for board and management.

Finally, concerning the societal responsibility, the federations also achieve 'very good' scores, with an 80% average. Out of the 12 principles in dimension 4, nine are classified as 'very good', two as 'good' and one as 'moderate'. All organisations implement anti-doping policies, policies to combat match-fixing, and they offer consulting to its member organisations in the areas of management or governance. On the other hand, there is room for improvement when it comes to promotion of an environmental sustainability policy, establishing policies for athletes' dual career, and in securing a fair treatment of the athletes. Because the organisations experience a request from their members to support clubs and members on the field of sport activities (doing sport, increasing sporting activity etc.) on the one hand, and societal pressure for more responsible sports organisations on the other, they often experience this as a constant dilemma. Even though the Norwegian sports federations perform well in this dimension, it is a matter of balance, especially for

the smaller federations, because they are quite small and sparsely funded and may find it difficult to spend much money on governance procedures.

In the following, we will address four topics which we find interesting, and which might need some extra consideration in the further development of the governance of Norwegian sport.

### Challenging democracy?

As discussed previously, the Norwegian sports organisations and federations have a strong tradition for representative democracy. This is the basis for NIF, as well as all organisations falling under the umbrella. What this study indicates is that different stakeholders like athletes, coaches and referees that are now professional are not fully recognised as policy stakeholders. In the voluntary sector, unemployed and employed actors are all members and represented as such in the legislation. At the same time, adult voluntary members of voluntary organisations are also employers or employees in their civil position so it is likely that the culture of Norwegian working life is reflected in sport. The influence of working life is even more visible as labour law covers the rights of professional athletes and other employees, such as coaches, medical staff, and management. We recommend that the national sports organisations discuss if the organisational structure, which has not changed dramatically over the last 150 years, does secure good governance and the democratic rights of all its members. Should the democratic values and practises in Norwegian sport be reconsidered and organisational arrangements reflect that sport is increasingly professionalised?

### Transparent or closed organisations?

With reference to the transparency and democracy dimensions, it is worth noting that as late as 2007 research on NIF's change of president and its handling of the Olympic bid concerning Tromsø 2018 (which never materialised) concluded that NIF was a closed organisation (Steen-Johnsen and Hanstad, 2007). The members were found to have little power over the decisions of the leadership and NIF was seen as an institution, where powerful stakeholders outside the association were more influential than in other institutions. It was found that members do not have access to important decisions; partly because there is little media coverage and political debate on sports issues; partly because the board closed its meetings and lastly; because the power plays behind decision processes were not transparent. Interestingly, again in 2015, NIF's own investigation into the Oslo 2022 Olympic bid (NIF, 2015), concluded that the bid had not been rooted in broad parts of the organisation and in particular at club level. It was a top-down initiated project, which failed to seize larger parts of the membership. The leadership of NIF was accused of having nurtured a 'closed culture' and, as pointed out above, this ignited an enduring public media debate over NIF's mission and leadership between 2016-17, in particular. This is a reminder that even if federations have high average scores in the NSGO benchmark, it does not in itself secure the feeling or experience of transparency and influence of the single member. It follows that the sports federations discuss this matter further, internally as well as with external stakeholders.

## Strengthening the code of ethics

In an attempt to explain why the Norwegian results are so strong, compared to the other European partners in the project, the position of NIF as a strong, influential and powerful umbrella organisation is perhaps key. In the future, we recommend discussing how Norwegian sport can utilise this in developing good governance. We recommend discussing whether expanding the NIF's 'codes of ethics' to cover transparency issues such as requirements of publishing board minutes, board directors background, period of service etc. is a natural next step in further developing good governance in Norwegian sports federations.

## Composition of the board

The expected workload and the internal and external pressure and expectations that members of the board face will probably vary a lot depending on the federations. Some are big, with good administrative support which eases the workload of each board director, while some federations are small, with limited resources and where board members more actively also take part in administrative work. Some organisations receive more external attention than others (i.e. media, government, members, etc.), and board members are more or less susceptible to face external attention or even scrutiny. Despite such differences, we recommend the federations discuss the expected and/or desired competences that should be present at the board. These competences should be based on the long-term policy plan, be up for regular reconsideration and guide the work of the nomination committee. We also challenge sports organisations to discuss term limits for all elected members of the board. Even though many federations probably experience difficulties recruiting new board members regular open debates about this issue will legitimise the procedures the organisations put in place.

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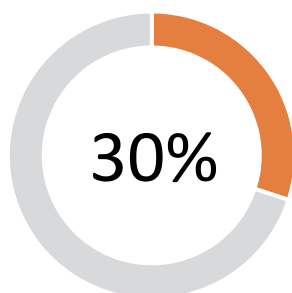
# NATIONAL SPORTS GOVERNANCE OBSERVER

## COUNTRY REPORT: POLAND

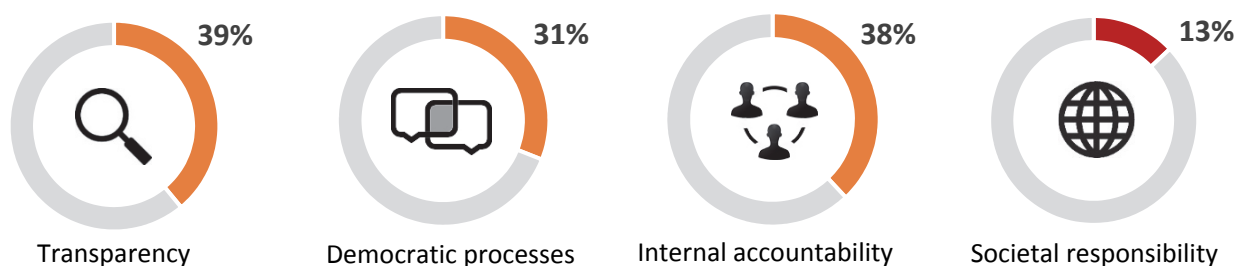
## Key results: Poland

Figures 1, 2, and 3 show Poland's main NSGO scores. Table 1 summarises the surveyed federations' principle scores by showing their corresponding labels.

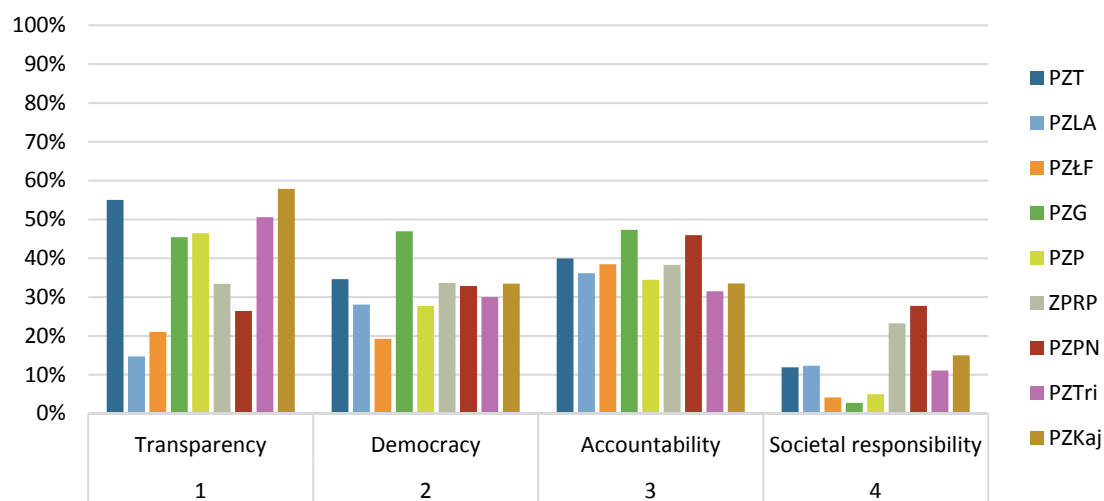
**Figure 1: Poland's overall NSGO index score**



**Figure 2: Poland's scores on the four NSGO dimensions**



**Figure 3: The surveyed Polish sports federations' scores on the four NSGO dimensions**



See table 2 for the federations' full names.

**Table 1: The surveyed Polish federations' scores on the 46 NSGO principles**

	Principle	PZT	PZLA	PZŁF	PZKaj	PZG	PZP	ZPRP	PZPN	PZTri
Transparency	1. Legal and policy documents									
	2. General assembly									
	3. Board decisions									
	4. Board members									
	5. Athletes and clubs									
	6. Annual report									
	7. Remuneration									
Democratic processes	8. Elections of board members									
	9. Policy for differentiated board									
	10. Nomination committee									
	11. Quorums									
	12. Term limits									
	13. Member representation									
	14. Regular board meetings									
	15. Athletes' participation									
	16. Referees' participation									
	17. Coaches' participation									
	18. Volunteers' participation									
	19. Employees' participation									
	20. Gender equality policy									
Internal accountability	21. Supervision of board									
	22. Board resignation procedures									
	23. Board eligibility rules									
	24. Clear governance structure									
	25. Supervision of management									
	26. Audit committee									
	27. Financial controls									
	28. Board self-evaluation									
	29. External audit									
	30. Code of conduct									
	31. Conflict of interest procedures									
	32. Complaint procedure									
	33. Appeal procedure									
	34. Board meeting schedule									
Societal responsibility	35. Governance consulting									
	36. Mitigating health risks									
	37. Combating sexual harassment									
	38. Anti-doping									
	39. Social inclusion									
	40. Anti-discrimination									
	41. Gender equality									
	42. Anti-match-fixing									
	43. Environmental sustainability									
	44. Dual careers									
	45. Sport for all									
	46. Athletes' rights									

Not relevant	Not fulfilled	Weak	Moderate	Good	Very good
	0-19 %	20-39 %	40-59 %	60-79 %	80-100 %

## Overview

The National Sports Governance Observer (NSGO) study sample in Poland consisted of nine sports federations: The Polish Athletic Association, The Polish Canoe Federation, The Polish Figure Skating Association, The Polish Football Association, The Polish Gymnastics Association, The Poland Handball Federation, The Polish Swimming Federation, The Polish Tennis Association and The Polish Triathlon Union. A standardised data-gathering process was followed (Geeraert, 2017). It comprised of six steps, starting in July 2017 and finishing in July 2018.

The average NSGO index score in the sample was 30%, which was labelled as 'weak'. The results for each of the good governance dimensions varied only slightly – the average score for transparency was 39%, democracy 31%, accountability 38%, except for the societal responsibility dimension, which received only 13%.

The dimensions and principles associated with areas of government regulation in Poland, especially in the Act on Sport, received much better results, while in case of less regulated principles the federations performed much worse. The sports federations' performance has not been consistent throughout the four dimensions. In our discussion, it is argued that while the new government policies are probably leading towards better governance, they may not be enough to bring much needed organisational change.

The chapter opens by providing the context of the analysis of good governance in sports federations, after which study methods are discussed and the NSGO results from Poland are presented. The final section includes a discussion of the results and their policy implications.

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## Context

### Corporate governance culture

Higher presence of good governance in public discourse in Poland began after the country's accession to the European Union in 2004. In 2008, Poland's Ministry of Local Development published a working paper entitled 'A concept of Good Governance – towards discussion', where the reasons behind an urgent need for good governance in public administration were discussed (Ministry of Regional Development, 2008). However, this attention on and references to good governance in official documents (Drejerska, 2010) has not resulted in the production of good governance codes. The single exception was a document entitled 'Best Practice for GPW Listed Companies 2016', which listed good practice of corporate governance amongst companies listed on The Warsaw Stock Exchange (Nartowski, 2016). The paper includes a set of principles, which reporting company is required to disclose (by providing a statement of compliance) in a 'comply or explain' manner, in its obligatory annual report. Compliance with corporate governance principles is voluntary. However, as noted in the document, compliance should be motivated by its impact on a company's reputation and its relationship with stakeholders (Nartowski, 2016).

In late 2017, the Ministry of Sport and Tourism published the Code of good governance for Polish sports associations (Ministry of Sport and Tourism, 2017b). One of its distinctive features is that it specifically applies to sports federations in Poland. Its definition of good governance in sports is adapted from an EU Expert Group on Good Governance paper (Expert Group "Good Governance", 2013). The document refers to the important role of sport in Polish society and the crucial position of sports federations in the sport development process. It also acknowledges an urgent need for an additional tool to oversee sports federations, based on the ministry's previous experience with these entities, the results of analyses previously undertaken regarding good governance in sports federations in Poland, and everyday cooperation (Ministry of Sport and Tourism, 2017b). In the rationale it is also acknowledged that issues with management (most sports federations get 80% of their budget from public funding and have troubles seeking new sources of revenue (Bienias, Hermann-Pawłowska, Kasoń, Kolczyński, & Skórska, 2016)) and governance (such as how public funds are spent and conflicts of interest) limit individual sports federations' development, as well as the overall development of Polish sport (Ministry of Sport and Tourism, 2017b).

The main aim of the codex is to provide good governance guidelines for Polish sports federations. The general rules of the codex are effectiveness, professionalism, planning, honesty, openness, and responsibility, which apply to dimensions of good governance. At its core the codex is a set of 12 dimensions (Ministry of Sport and Tourism, 2017b). Those dimensions are: the organisation and scope of competence of its organs, strategic management, transparency, financial management, audit and internal controls, responsibility for sports development, fairness in sport, human resources for sport, cooperation in the sports environment, disciplinary procedures, evidence-based policy, and the athlete and coach in sports federation polices. Multiple standards are applied to each of

the dimensions. The final result of applying each standard is described, as well as the way in which its implementation will be analysed and, in reference to some, how the standard might be applied (Ministry of Sport and Tourism, 2017b). The whole tool consists of approximately 180 standards. The standards are formulated in a way that enables their transition and analysis as binary questions.

The standards are divided into three groups: obligatory, obligatory in some cases (in the case of meeting some additional criteria, such as receiving a certain amount of money from public entities or having regional associations) and non-obligatory (e.g. only recommendations for good practice).

The codex is described as a non-legislative tool that compels sport federations to apply the standards due to their strong financial relation with the ministry. It has not yet been determined exactly how meeting governance standards will influence sports federations' operations, nor who will analyse sports federations' governance. However, the document mentions that sports federations will have to comply with minimum standards if they wish to apply for public funding (Ministry of Sport and Tourism, 2017b).

## Sports system

The Polish sports system's configuration is described as 'bureaucratic' (Camy, Clijsen, Madella, & Pilkington, 2004), which is the most common category among European countries and refers primarily to the state as an active regulator of the sector. Poland, as a former Soviet-bloc country, had a state-led sports sector, which still prevails in many areas. This configuration in Poland reveals itself by having The Ministry of Sport and Tourism as the dominant entity in the sector, by considering the Act on Sport the main regulatory document, and by the lack of negotiation with and more general inclusiveness of partners involved in the policy development process (Henry, 2009). The bureaucratic policy system in sports manifests itself in the recent operations from the ministry, presented in selected policy areas and sub-areas from the Sport Development Programme 2020: the physical activity and physical education of children and youth, professional sport, sport and recreational infrastructure, and national sports federations' financing systems (Ministry of Sport and Tourism, 2016).

Firstly, the Ministry of Sport and Tourism aims to develop and finance uniform nationwide programs intended to increase opportunities for physical activity amongst children and young adults, which are operated by other state-owned institutes or by the ministry itself. In the area of professional sport, the ministry, along with other public organisations, recently launched a campaign to promote Poland worldwide, financed by a group of large, state-owned companies, and implemented a programme of direct scholarships for promising athletes called Team100, which notably omits sports federations as moderators between the ministry and athletes (Ministry of Sport and Tourism, 2017c). Infrastructure programmes are being organised in top-down approach. As a result of Orlik, a programme of co-financing for small football and multisport pitches, more than 2600 infrastructure projects were undertaken in Poland between 2008 - 2012. The concept of uniform, one-size-fits-all infrastructure is still current, with the Ministry financing another self-

developed project called OSA in 2018 to build a thousand small open-air sports facilities for families (Ministry of Sport and Tourism, 2017d). A focus on securing accountability might be outlined in reference to financing sports federations. The ministry plays the role of a mediator between sports federations and state-owned companies, helping them to sign sponsorship deals and controlling them through this relationship (Krupa, 2016).

Another sports actor active at a national level is The Sport Institute – a state-funded research institute providing expertise to the sports sector. It is closely tied to the Ministry of Sport and Tourism, operating some of its programmes, such as The Academy of Good Management – an obligatory programme aimed at improving the managerial qualifications of Olympic sports federation staff in Poland (Polish Press Agency, 2018).

The Polish Olympic Committee (POC) follows the aims and carries out the tasks of the Olympic Movement, as well as activities related to the development of Polish sport. These tasks include: developing elite sports, promoting sports for all, supervising the participation of Polish national representation in the Olympic Games, combatting doping, conducting education, and promoting fair play. The Polish Paralympic Committee performs the same functions for people with disabilities. The real influence of the POC on sport development is in many areas limited mostly to promotional activities, for example, organising a single large event annually for sports for all.

Sport in Poland is financed primarily at a local level. Local government in Poland is organised in three tiers: voivodeships (provinces - *województwo*), districts (*powiat*) and municipalities (*gmina*). Competencies for the promotion and development of sports – which refers primarily to financing sports infrastructure, sport clubs, and NGOs – lies with voivodeships and municipalities respectively, though larger infrastructural investments are frequently conducted in cooperation (and also with the Ministry). Some voivodeships have developed sport strategies and have specific aims relating to sports, but most of them are reactive and await governmental proposals.

NGOs currently play a limited role in sports development. The most recognisable organisations are national sports associations (organisations constituted of at least three clubs): The Polish University Sports Association, The Rural Sports Clubs Association, The School Sports Associations, and The Society for the Promotion of Physical Culture (TKKF) (Piątkowska, 2015). Each focus on delivering or developing sports to a specific population or in a specific environment. In comparison to stagnation or decreasing role of NGOs traditionally involved in the sports sector, commercial fitness and sports industries develop rapidly in Poland (TNS Opinion & Social, 2017).

## Governance-related sports policies and regulations

### The Act on Sport

The main document regulating the sports sector in Poland is the Act on Sport. It is a specific law regulating multiple subjects related to sport and sports organisations ('Act on Sport', 2018). The legislation came into force in 2010 and replaced the Physical Culture Act.

The Act on Sport has a detailed section on national sports federations, especially in the areas of transparency and accountability. For example, the Act defines conflicts of interest that make a person ineligible to become a board member of a sports federation and sets the limit of their term:

- The president of a board can hold this position for two consecutive terms only.
- A board member cannot own a business nor have stock in a company, which operations are related to the statutory goals of the sports federation, nor have close ties to a person who owns such company.
- A board member cannot be a person convicted of an intentional offence prosecuted by the public prosecutor, or for a fiscal offence. A board member cannot be a member, authorised clerk or legal representative of an entity providing products or services to the sports federation, nor have close ties to a person who holds such position.

According to the legislation, sports federations are under the control of the ministry responsible for physical culture. Sports federations have to submit an annual report, including their finances, to the respective ministry, and the Act on Sport regulates that:

- The annual financial report must be audited by a statutory auditor.
- The general assembly must examine and accept both annual and financial reports after they have been scrutinised by the statutory auditor.

An increase in ministry control over sports federations was the main aim of revisions made to the Act on Sport, which came into force in September 2017 (Ministry of Sport and Tourism, 2017a). At that point:

- additional measures with respect to members of the management boards of sports federations, aiming to prevent conflicts of interest, nepotism and corruption, were introduced.
- members of sports federations' management boards were forbidden to take any action that run contrary to the interests of a Polish sports federation and were not allowed to rule on any matters in the case of a conflict of interest between a sports federation and a member of its management board, their family, and persons with whom they had close ties.
- it gave the ministry additional supervisory powers over the functioning of sports federations' management boards, their internal supervisory (audit) entities, and other entities that are not regulated by their own internal rules. In that regard, the Minister of Sport can issue warnings, orders and summons, override decisions, and file motions with the appropriate courts to suspend the ruling bodies of a sports federation and their activities.
- a new, more powerful entity replaced the anti-doping agency (Marshal of the Sejm, 2017).



In cases not regulated by the Act on Sport, the regulations of the Associations Act apply to Polish sports federations instead. Amongst other things, this Act requires an association to have an internal audit committee, and to publish a protocol from the general assembly.

## Methods

In the study concerning Poland, the sample consisted of nine Olympic sports federations out of a total of 70 registered in Poland (Ministry of Sport and Tourism, 2018). The core five, as well as two recommended sports federations, were chosen to ensure comparability at an international level in the NSGO project (Geeraert, 2017). These are federations responsible for athletics, football, handball, swimming, tennis, gymnastics and triathlon. Though it was suggested that the project also include national umbrella associations, no such entities exist in Poland. Two additional sports federations – The Polish Canoe Federation and The Polish Figure Skating Association – were suggested by Ministry of Sport and Tourism representatives, who we contacted to help us with project promotion.

The mix of nine federations gives a cross-section of sports federations in Poland. It includes the Polish Football Association, which is the largest sports federation and the most successful one on the international stage in the Polish Athletics Association. At the other side of the scale Polish Figure Skating Associations has just three employees. The Polish Athletics Association, the Polish Swimming Association and the Polish Canoe Federation are among the highest publicly funded organisations, while the Polish Triathlon Union and the Polish Tennis Association are the highly commercialised bodies. According to the standards applied to the NSGO study, three federations were classified as small (less than 10 paid employees), two as medium (10-29 paid employees) and four as large (30 or more paid employees) (Geeraert, 2017). The sample is not representative of Polish sports federations, as the sample includes mostly larger organisations, which organise more popular and successful Olympic sports.

The data gathering process was conducted according to uniform NSGO procedure (Geeraert, 2017). It consisted of six steps: Phase One (selecting and contracting), Phase Two (gathering data and first preliminary scoring), Phase Three (feedback from the federations), Phase Four (second preliminary scoring), Phase Five (final feedback), and Phase Six (final scoring).

In the first phase, the study was supported by the Ministry of Sport and Tourism, which organised the first meeting at its headquarters and invited the chosen federations. The first meeting with the sports federations involved in the project took place in September 2017. Representatives of all but one sports federation from the sample participated in the meeting. The Ministry of Sport and Tourism was at that time involved in other activities regarding good governance in sport – preparing the good governance codex for sports federations and conducting studies on good governance in sports federations (Bienias et al., 2016). Thus, the sports federations were at this point used to the ministry's interest in the subject.

The second phase – the first data gathering process – had been conducted beforehand, in August 2017. The initial results were sent to the federations in September. Two researchers were involved in the data-gathering process, and data analysis was cross-checked throughout all sports federations.

Phase three took place over the next two months when researchers gathered the federations' responses and met with their representatives. Seven federations responded to our request for cooperation by providing feedback to the initial analysis of their federation. The Polish Figure Skating Association did not respond to our request and the Polish Football Association declined involvement in the study on the basis that they were currently under administrative court proceeding, saying that sharing more information about the federation than was currently available could possibly interfere with the proceedings.

After phase four in June 2018, the sports federations received the updated analysis when we asked them for final suggestions regarding the results. The final date to send suggestions was 17 July. Only the Polish Tennis Association answered our final call to update some of the results.

**Table 2: Sports, official name, and official acronym**

Sport	Official name	Official acronym
Swimming	Polski Związek Pływacki	PZP
Handball	Związek Piłki Ręcznej w Polsce	ZPRP
Athletics	Polski Związek Lekkiej Atletyki	PZLA
Triathlon	Polski Związek Triathlonu	PZTri
Gymnastics	Polski Związek Gimnastyczny	PZG
Football	Polski Związek Piłki Nożnej	PZPN
Kayaking	Polski Związek Kajakowy	PZKaj
Tennis	Polski Związek Tenisowy	PZT
Figure Skating	Polski Związek Łyżwiarstwa Figurowego	PZŁF

## Results

The average score on the NSGO index in the nine sports federations in Poland is 30%, which is described as weak. The transparency and accountability dimensions achieve higher average scores (39% and 38%, respectively), the democracy dimension score is 31%, while the score for societal responsibility lag behind with an average score of 13% among the sports federations. The results for transparency, accountability and democracy is classified as 'weak', while the index for societal responsibility is classified as 'not fulfilled'.

### Dimension 1: Transparency

Polish sports federations usually give just a minimal amount of information on their websites. However, some information is commonly published:

- All (100%) of the federations publish their statutes on their websites, 78% publish at least some of the internal regulations, 100% publish their sports' rules, but none (0%) publish their long-term strategies or policies.

Access to such documents gives stakeholders the opportunity to learn about an organisation's core governance. A lack of strategic documents affects an organisation's transparency by decreasing opportunities to assess its performance based on goals corresponding to measurable criteria.

Some of the sports federations do a decent job in reference to sharing data about their general assemblies:

- 55% send the agenda of their latest general assembly to members before the meeting, 44% publish such information online before the meeting, and 44% include some description of agenda items and a list of topics.

Publishing materials about general assembly meetings allows scrutiny of relationships between the decision-making and legislative bodies of the organisation. It might also increase the quality of dialogue regarding sports federations' policy-making. In comparison to sharing information about the general assembly, the sports federations do a much poorer job in distributing data regarding board meetings:

- 11% share board meeting minutes that contain an explanation behind the rationale of decisions with their stakeholders, and 22% publish such data in the form of public minutes on the organisation's website.

By limiting the amount of information about its decisions, an organisation's board may allow less scrutiny of its processes.

Polish sports federations publish only selective information about themselves:

- 89% of federations share some data about affiliated clubs, 67% say how many clubs they have, and 33% specify the number of affiliated athletes.

This observation also applies to the sharing of data about board members:

- While the names of all current board members are mentioned on all (100%) websites, in no (0%) cases is information provided on members' backgrounds, the duration and number of previous mandates in the federation, or functions performed in other sports organisations.

Reporting is worst with regards to information about remuneration:

- Just 11% have a remuneration report in its latest annual report, and none (0%) have a statement on remuneration of board members, management (0%), or (0%) include a statement on the organisation's remuneration policy.

The lack of such information regarding officials and management might decrease trust in the organisation.

The highest index scores in the area of democracy is achieved by the Polish Canoe Federation (58%), the Polish Tennis Federation (55%), and the Polish Triathlon Union (51%). In comparison to other federations from the sample, the first two federations have in common a relatively high level of commercialisation, meaning the importance of commercial revenues. At the other end of the spectrum are the Polish Athletics Association (15%), the Polish Figure Skating Association (21%), and the Polish Football Association (26%). The Polish Football Association is the largest organisation in the sample while the Polish Athletics Association is the most subsidised.

## Dimension 2: Democratic processes

The average index score regarding democracy is marked as weak (31%). Starting on a positive note, sports federations in Poland have clear regulations regarding board member appointment:

- There are rules covering information on who is qualified to vote, what is the quorum and how the votes are counted (100%); the general assembly directly elects the majority of the board members (100%), and elections are organised as secret ballots (100%).

Clear procedures regarding (re-)appointment or replacement of board members might motivate them to perform better and discourage them from potential opportunistic behaviour.

Another promising indicator refers to having a quorum:

- All organisations have an established quorum in their statutes or internal regulations regarding board decisions (100%), although it is below the 75% mark (0% of federations have such a high quorum). Quorums have also been established in reference to general assemblies (100%), and in 89% of the federations the quorum is at least 50%.

Having a quorum ensures that decision-making includes a wide variety of voters and does not limit itself to a small group of members.

Another mechanism ensuring democratic decision-making is a broad representation of members. The general assembly in Polish sports federations represents all affiliated members through some type of representation (100%). It has to meet at least once a year (100%) and the statutes contain regulations which ensures that, in extraordinary conditions, additional meetings might be organised (100%). For that reason, the general assembly provides an opportunity to regularly scrutinise the financial and managerial state of the sports federation, as well as its policy-making process. However, the federations examined in our study do not give members the opportunity to vote at a general assembly in absentia (0%).

Some principles referring to democracy receive little, if any, consideration from the sports federations. One example refers to steps taken to keep a balanced and differentiated board composition:

- Only one federation (11%) has a document with a desired profile of board functions, and even in this case the profiles are not based on the organisation's policy objectives (0%).

The aforementioned lack of strategy affects federations' ability to define suitable candidates for vacancies in the organisations. Consequently, none of the federations have a nomination committee, so the indicators regarding such committees are not met. This may also affect effectiveness in finding appropriate candidates. Nevertheless, rotation of board member positions might not be that common, as Polish sports federations limit the term of office for the president of the board – who can be elected for two consecutive terms, as regulated by the Act on Sport. However, no term limit exist for other board members (0% of federations meet this principle). The lack of a limit on terms of office increases the danger of monopolisation of power. Furthermore, none of the federations implement a phased schedule for the retirement of board members, which throws into doubt their ability to keep strategic continuity.

The sports federations do not implement any gender-sensitive procedures for identifying candidates, nor do they undertake actions aimed at internally promoting gender equality. During interviews with representatives from the sports federations, they admitted that, due to ever-stricter regulations on who can become a board member, it might prove even harder to find worthy candidates in the future.

Apart from the board, the Polish sports federations involve internal stakeholders in a selective manner:

- 0% have a policy which aims at involving athletes, volunteers or employees in their policy processes, while the majority have such policy in reference to referees (83%) and coaches (67%).

This selectiveness may influence the effectiveness and legitimacy of policies, especially among the excluded groups.

The scores of the sports federations on the democracy dimension are quite similar, with the one positive exemption of the Polish Gymnastics Association and the one negative exemption of the Polish Figure Skating Association.

### Dimension 3: Internal accountability and control

In reference to internal accountability and control, the federations do have at least some regulations on who is eligible for a board position and when a board member should be forced to resign. The federations also have at least some procedures regarding premature resignation of the board members (100%):

- It is established when a general assembly has to vote regarding board member resignation (89%), there are procedures regarding premature resignation due to malfunctioning (78%), repeated absenteeism (56%), and less frequently, in cases of conflict (22%) and sporadically, in case of unethical conduct (11%)

All the organisations (100%) define in their statutes conflicts of interest, where a person is ineligible to serve as a member of the board, including:

- a person employed by a company that has a commercial relationship with the organisation, such as sponsors (33%) or a member of a judicial body within the organisation (89%).

A clear definition of conflict of interest might enhance trust in sports federations' decisions by ensuring that they are free of external influences. In general, the federations have well-defined conflict of interest regulations with reference to board members, which will further improve due to their obligation to comply with recent changes made in the Act on Sport. However, we were only able to confirm that 22% of federations' boards do not include people employed by a company that has a commercial relationship with the organisation, 44 % do not include members of the organisation's judicial body and 78% a serving national politician.

Some of the sports federations score well regarding the principle of accountability, which refers to having clear rules about the separation of power in the organisation:

- In 89% of the federations the board has authority over the organisation's budget and finances, while in 56% there is a clear statement, that the board defines the organisation's general policy
- 56% have a clear definition of purpose and tasks, composition and reporting requirements for each of the standing committee boards

Overall, there are regulations in place securing that the federations' decisions can be contested through internal or external mechanisms:

- There are regulations with established procedures allowing internal stakeholders to appeal against a sporting sanction (100%), ensuring that they are entitled to a hearing if they so desire (89%), and stating that members of the relevant dispute resolution body may not belong to the board or standing committees of the organisation (63%). In all cases, the rules for appealing the decision of the dispute resolution body are clear (100%)

Such rules give an organisation's stakeholders the chance to call decision-makers to account.

In none of the organisations does the board adopt an annual meeting schedule (0%). There are few regulations concerning board supervision of the management:

- 56% have regulations on responsibilities and competences delegated to management, while 67% state that the board determines remuneration of management. No federations, however, have regulations ensuring that the board organises an annual appraisal of management regarding its performance or that management regularly reports to the board about operational and financial matters.

The situation is similar with self-evaluation of the board regarding its composition and performance:

- 22% have a regulation in place stating that the board must conduct annual self-evaluation. 33% of the organisations actually have a document reporting on the evaluation of its own composition and performance conducted in the last 12 months, but 0% had external experts assisting the board with such analyses.

Lack of self-assessment might limit a board's ability to analyse and gain insight into its own functioning and to undertake action leading to improvement.

In reference to control, the sports federations rarely follow a code of conduct:

- Some organisation have a code of conduct that applies to its board members (44%), management (33%) or staff (33%).
- Codes of conduct that apply to board members seldom include a general obligation to act with integrity (33%), contain rules on expenses (11%), rules on

accepting gifts (0%) or rules on conflicts of interest (0%). Furthermore, we were unable to confirm that such codes have been signed by all the members of the board in any federation (0%).

With reference to this dimension, there is a little variation between sports federations in Poland. The two organisations with the leading index scores are the Polish Gymnastic Association and the Polish Football Association. Organisations with an index slightly below the average are the Polish Triathlon Union, the Polish Swimming Federation and the Polish Kayaking Federation.

## Dimension 4: Societal responsibility

The average index score for societal responsibility is the lowest of all dimensions. On average, the majority of Polish sports federations do, however, have a high score regarding the principle on implementation of an anti-doping policy:

- Most have a formal policy aimed at preventing, detecting, and combatting doping practices (78%).
- Most have disciplinary rules to combat doping conformed to the World Anti-Doping Code (89%).
- Most of the sports federations cooperate with the National Anti-Doping Authority (78%).
- Few federations conduct campaigns to raise awareness of doping (44%) or educate athletes about doping (22%). Only one in three have a staff member responsible for all matters regarding doping (33%).

Anti-doping is the sole principle constituting societal responsibility that is strongly regulated by national policy. Furthermore, the national federations have to meet relevant requirements set by international governing bodies. Another principle that receives some attention concerns the federations' work in the area of sport for all:

- 67% undertake some activities related to sport for all, 33% of the federations have a policy that outlines objectives and specific actions aimed at promoting sport for all, 83% cooperate with another organisation to promote sport for all. However, none carry out an evaluation of the impact of its relevant actions.

Few organisations implement a policy to combat match-fixing:

- 33% have a formal document on combating match-fixing, 33% implement disciplinary rules, and 11% undertake actions to educate established and young athletes, coaches, referees, trainers, and clubs about risks relating to match-fixing.

Some of the societal responsibility principles, however, were universally ignored. Polish sports federations receive an average score of 0% in relation to principles such as implementing a policy on social inclusion through sport or promoting environmental sustainability. This approach means they are failing to use their good position and



capacities for a broader social benefit. In many cases, it also means that they are ignoring issues pertaining to sport, which the federations are privileged to organise nationally.

Other principles constituting societal responsibility receive little if any interest. In reference to combatting sexual harassment in sport:

- 0% have a policy outlining goals and actions, 11% have a procedure with rules on notifying a complainant about the outcome of an investigation, 16% have rules for the establishment of an independent tribunal, 0% cooperate with other organisations with a view to combatting sexual harassment in sport.

Similarly, discrimination in sport is an issue recognised by just a handful of sports organisations:

- 11% have a policy that aims at combatting discrimination in sport, 17% cooperate with other organisations with a view on the issue of discrimination and 44% have established procedures for processing complaints about discrimination.

In general, in the case of the societal responsibility dimension, only principles related to anti-doping, match-fixing and sport for all promotion seem to receive broader interest. Evaluating and publishing information about campaigns undertaken is not carried out by any federation in reference to any principle.

The Polish Football Association has the highest social responsibility index score (28%), associated with its involvement in the issues of match-fixing, mitigating the health risks of sporting activities, combatting discrimination and knowledge transfer. Other federations, which score slightly above average are the Polish Handball Federation and the Polish Kayaking Federation. The highest scoring federations are large, co-operate with many stakeholders and have a long tradition of sport for all promotion. A few federations undertake barely any action except in development of anti-doping policies.

## Discussion and policy implications

The average NSGO index for Polish sports federations is 30%, labelled as 'weak'. The organisations have similar scores in reference to transparency (39%) and democracy (38%), a lower score in the area of accountability (31%) and a very low score with respect to societal responsibility (13% - 'not fulfilled'). Analysing the average scores for each principle included in the NSGO index, 50% are considered 'not fulfilled', 14% are 'weak', 15% 'moderate', 13% 'good', 8% 'very good' and 1% 'not relevant'.

In reference to transparency, Polish sports federations do publish some core documents such as statutes and game rules on their websites. Less frequently, they publish internal regulations, which additionally are seldom comprehensive. A pervasive issue is that none of the federations publish their multi-year policy plans. It indicates a greater issue – lack of such document, previously acknowledged in a study conducted in 2016 (Bienias et al., 2016). While some of the organisations share information about their general assembly, very little data is accessible regarding board meetings. The federations do not publish much information about their members and scarce material about board members, and next to nothing regarding remuneration.

Regarding democracy, the sports federations receive good scores on clear regulations concerning re-appointment of board members, representation of all affiliated members and other procedures concerning the general assembly and establishing a quorum. There are, however, common deficiencies around board appointment, such as lack of term limits or retirement schedules, no nomination committees, no procedures, which would help to achieve a differentiated and balanced board composition, which may lead to a low exchange rate of the positions, a monopolisation of power and lack of new ideas. Those limitations are associated with a broader concern mentioned during interviews, which refers to finding high quality board candidates. With a growing list of conflicts of interest detailed in the updated Act on Sport, few if any procedures to motivate a regular search for board candidates, finding suitable candidates might pose even more of a challenge in the future. Another issue pertaining to the dimension of democracy is a lack of procedures ensuring wide participation of different internal stakeholders (e.g. ensuring inclusion of athletes or regulations regarding gender equality) in the decision-making processes.

Regarding internal accountability and control, the sports federations have clearly stated conflict of interest policies regarding board members, procedures about their premature resignation and a clear separation of power in governance structures. Furthermore, the principle of contesting organisations' decisions is commonly met. On the other hand, procedures ensuring separation of power and control are weak and lack detail, which applies especially to board supervision over management, board self-assessment, and procedures regarding audit committees and financial control systems. Hardly any organisations recognise a code of conduct.

Societal responsibility is definitely a dimension where the Polish sports federations are lagging behind. While the organisations have policies regarding anti-doping, sometimes

match-fixing, and occasionally sport for all, they seldom regulate for societal problems. It might suggest that the sports federations analysed in this study are to a large extent still only focused on professional sports, which reflects their traditional aims, interlaced with the revenue streams rooted in public grants. Even in the larger and more commercialised federations, which recognise societal goals, their pursuit is not formalised in the form of policies, does not include a wide array of social partners (except for the Ministry of Sport and Tourism and sponsors) and does not include evaluation of their impact.

The previously recognised 'bureaucratic' configuration of sports systems in Poland suggests an emphasis on the Ministry of Sport and Tourism as an entity initiating reforms in the sports sector. In fact, with the recent changes made to the Act on Sport, anti-doping policies and the introduction of a good governance code for national sports federations, their increasing compliance with good governance practices should be expected (Marshal of the Sejm, 2017; Ministry of Sport and Tourism, 2017a, 2017b; Polish Press Agency, 2018).

This is, however, only part of the solution in order to have well-governed sports federations, and it is doubtful that imposing laws will bring about the organisational changes urgently needed, as highlighted by the results of this study. The sports federations' scores on the dimension of societal responsibility alone – reveal how focused on professional sports they really are. The ministry expects federations to get involved in sport for all promotion but, in fact, they are all financially rewarded by success in professional sports alone. No success indicators regarding sport for all exist as the process (such as having programmes) rather than its results is stressed. Putting more emphasis on sport for all promotion could bring multiple benefits with regard to imposing good governance, for example, by attracting a broader and more diverse field of candidates for the board or enhancing the scrutiny of management by having more stakeholders, which could lead to increased transparency.

Another step, which might be made in the near future, refers to financial procedures associated with the organisations' perceived responsibilities. Sports federations in Poland are financed on an annual basis, which influences their policy process, limits their capacity for long-term planning, and puts a focus on operations rather than strategy. The availability of public grants for a period longer than just one year would foster implementation of multi-annual plans – which could further lead to organisational transitions rooted in organisational aims rather than operations and a 'strive to survive' mentality.

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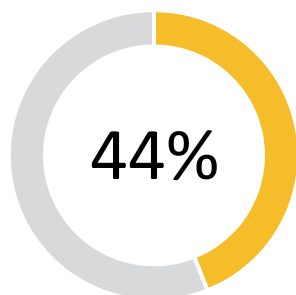
# NATIONAL SPORTS GOVERNANCE OBSERVER

## COUNTRY REPORT: ROMANIA

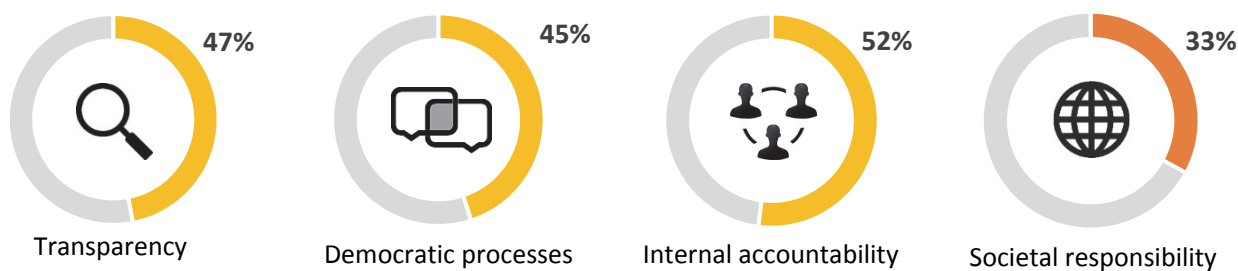
## Key results: Romania

Figures 1, 2, and 3 show Romania's main NSGO scores. Table 1 summarises the surveyed federations' principle scores by showing their corresponding labels.

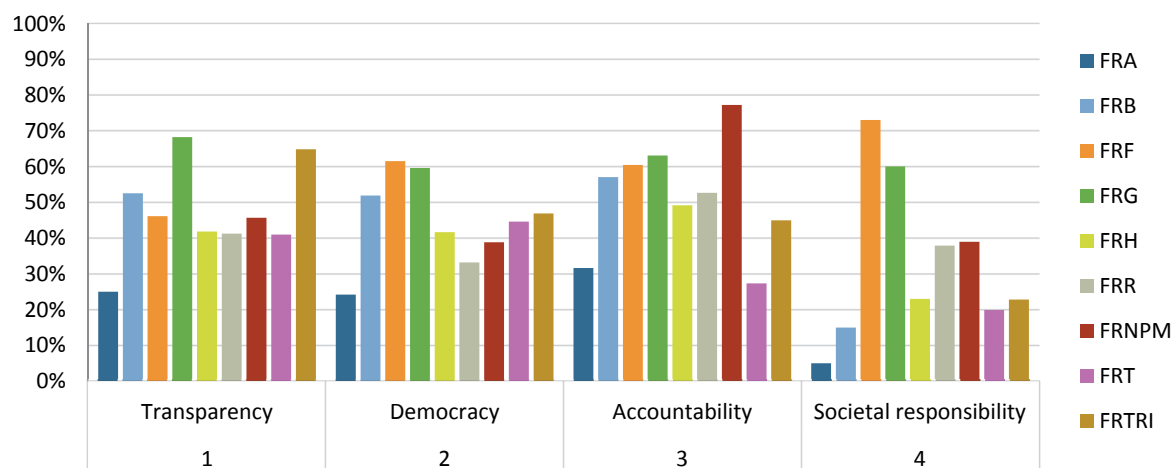
**Figure 1: Romania's overall NSGO index score**



**Figure 2: Romania's scores on the four NSGO dimensions**



**Figure 3: The surveyed Romanian sports federations' scores on the four NSGO dimensions**



See table 2 for the federations' full names.



**Table 1: The surveyed Romanian sports federations' scores on the 46 NSGO principles**

	Principle	FRA	FRB	FRF	FRG	FRH	FRR	FRNPM	FRT	FRTRI
Transparency	1. Legal and policy documents									
	2. General assembly									
	3. Board decisions									
	4. Board members									
	5. Athletes and clubs									
	6. Annual report									
	7. Remuneration									
Democratic processes	8. Elections of board members									
	9. Policy for differentiated board									
	10. Nomination committee									
	11. Quorums									
	12. Term limits									
	13. Member representation									
	14. Regular board meetings									
	15. Athletes' participation									
	16. Referees' participation									
	17. Coaches' participation									
	18. Volunteers' participation									
	19. Employees' participation									
	20. Gender equality policy									
Internal accountability	21. Supervision of board									
	22. Board resignation procedures									
	23. Board eligibility rules									
	24. Clear governance structure									
	25. Supervision of management									
	26. Audit committee									
	27. Financial controls									
	28. Board self-evaluation									
	29. External audit									
	30. Code of conduct									
	31. Conflict of interest procedures									
	32. Complaint procedure									
	33. Appeal procedure									
	34. Board meeting schedule									
Societal responsibility	35. Governance consulting									
	36. Mitigating health risks									
	37. Combating sexual harassment									
	38. Anti-doping									
	39. Social inclusion									
	40. Anti-discrimination									
	41. Gender equality									
	42. Anti-match-fixing									
	43. Environmental sustainability									
	44. Dual careers									
	45. Sport for all									
	46. Athletes' rights									

Not relevant	Not fulfilled	Weak	Moderate	Good	Very good
	0-19 %	20-39 %	40-59 %	60-79 %	80-100 %

## Overview

The chapter regarding Romanian sports federations benchmarked the federations responsible for athletics, basketball, football, gymnastics, handball, swimming, rugby, tennis and triathlon. Research data was collected between July-November 2017.

The medium score on the NSGO index for Romanian federations is at 44%, which is an average score. This chapter shows that federations obtained good results on some segments, while others need improvement. More precisely, this score suggests that there is enough space in Romania for progress in the area of good governance in the sport life. Even though the Romanian sports federations do not benefit from the provisions of a good governance code, the current legislation and administrative acts of federations offer the necessary basis for the implementation of fundamental principles.

The chapter commences with a description of the context in which the Romanian sports federations act, from a legislative perspective. The next segment proposes an analysis of the way in which regulation in the sports system reflects the principles of good governance. The third section highlights the methods used in the collection and analysis of the research data. The fourth part describes in detail the results and focuses on the strong and weak points in terms of the four dimensions of good governance defined by the NSGO. The final section summarises the main results and explores the perspectives of good governance in the case of Romanian sports federations.

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## Context

The activities of the sports system explicitly regarding good governance have not been a priority until today. A code of good governance in sports elaborated through the collaboration of the main actors of the sports movement can become a very important support for this area, but also for society at large, by the example offered by the sport itself. In concrete terms, progress on good governance can be generated by both governmental action and the federations' initiative.

## Corporate governance culture

In Romania, the main preoccupation regarding corporate governance appeared at the beginning of the 2000's. In 2001, the Bucharest Stock Exchange (BVB) elaborated the first Code of Corporate Governance, intended for companies listed on the stock exchange (Fulop&Pintea, 2015).

Seven years later, BVB created a new code, based on the principles of the Organisation for Economic Cooperation and Development – OECD. This code came into effect in 2009, and enterprises transacted on the regulated market were compelled to include the 'Comply or Explain' form in the annual report, more precisely the statement of either conformity or nonconformity – motivated – with the provisions of the Code of Corporate Governance. In 2016, BVB returned with a third alternative, this time prepared in partnership with the European Bank for Reconstruction and Development (EBRD), based on the same concept – 'Comply or Explain' (BVB Report 2016).

On the legislative level, the government issued in November 2011 Emergency Ordinance no. 109 regarding corporate governance of public enterprises, with the purpose of taking immediate measures to ensure a stable economy and budgetary balance. In the present moment, the Parliament intends to modify this law, the newly proposed one looking to exempt almost 100 companies from the provisions of corporate governance (agerpres.ro, 26.06.2018.).

## Sports system

Known in the world for the exceptional results made before and after 1990, the present moment finds the sports movement in Romania tributary to the bureaucratic system, which is a common trait in Central and Eastern European countries, formerly parts of the socialist block. Used as a political marketing instrument, the performance sports occupied a central spot in the preoccupations of totalitarian regimes, which understood that its results could be used with the purpose of legitimising its ideology (VOCASPORT Research Group, 2004, pp. 37-60). With the transition to democratic regimes, the Romanian sports system kept the centralised structure, but had to find support by drawing in other social partners, in addition to the state support.

This aspiration is hard to achieve as Romania transits a difficult period financially, politically and socially, with a declining demography and 4 million citizens having to look for work abroad. All these realities of the socio-economical context had an undesired

impact on the sports system. Romania does not yet benefit from a sponsorship law adapted to the exigencies of modern sports, it has an atypical sports press with a quasi-mono-sports content, in a tabloid-like format (Petrica, 2017, p. 130), and its citizens rank among the lowest in the European Union in regards to sports practice (Special Eurobarometer, 2018). Giving these circumstances, tensions created at the conjunction of the free market forces and the bureaucratic system representative of the Romanian sports system have unwanted effects on performance, and also on the sports movement at large. The results from big international competitions became more and more modest, the number of participants at national level registered unprecedented decreases, and the employees of the Ministry of Youth and Sports went on strike because of sub financing.

The most recent change made to Law 69/2000 allows local authorities to finance sports activities from their own budget and aims to support the sports movements. But, even though the territorial administrative units active in the sports system are autonomous, the financial implication of local authorities cannot attract enough resources without the help of other social actors. Decentralisation can create opportunities regarding the attraction of forces in the private sectors (Henry, 2009). These potential partners need a strategy, meant to give them confidence by long-term predictability. Starting from the model described by the Vocasport Research Group (2004) and analysed by Henry (2009), according to whom there are four types of sport systems at the European level – bureaucratic, social, missionary and entrepreneurial – the implementation of good governance practices in the case of Romania can represent a decisive step in regards to the separation from the bureaucratic system, and the orientation towards a much more effective system adapted to the new socio-economic realities.

In Romania, attention towards sports activity is mentioned in the fundamental law, by the setting of the state's authorities' role in the support of this area. According to Article no. 49 from the Constitution, *"public authorities have the obligation to contribute to the ensuring of conditions for youth's free public participation to the political, social, economical, cultural and sporting life of the country."*

The sporting activity is regulated by Law no. 69/2000 and its ulterior modifications, known as the 'Law of physical education and sports'. The public authority responsible for its implementation is the Ministry of Youth and Sports (MTS). This institution represents the entity by which the Government regulates the sport movement at the national level. There are 42 county directions for youth and sports (DJTS), 48 sports clubs, the National Institute for Sports Research, the National Center of Forming and Perfecting of Coaches, the Sports Museum and nine national sports campuses under the authority of MTS, through the Direction for Structures and Public Institutions for Sports. Under the authority of MTS there are 74 national federations, and MTS also collaborates with the Romanian Olympic and Sporting Committee.

According to the law, MTS *"co-works with the Romanian Olympic Committee in the financing and developing of programmes regarding the preparation and participation of Romanian athletes at the Olympic Games, as well as the promotion of the Olympics' educational values"*.

The law mentions that the responsibilities of organising physical education activities and the practicing of sports in the pre-university and university levels belong to the Ministry of National Education.

Provisions brought in 2009 by the modification and the additions to Law 69/2000 stipulate that *“The National Sports Federation for All and the National Paralympic Committee have the rights and obligations of national sports federations and base their activity on national programmes, financed by the Government of Romania.”*

MTS is financing the sports movement through five programmes of public utility:

P1. ‘Promoting performance sports’.

P2. ‘Sports for All’.

P3. ‘The maintaining, functioning and developing of the material base of sports’.

P4. ‘Rediscover the Oina’.

P5. ‘Romania in motion’.

The ‘Promoting performance sports’ programme is aimed at national sports federations and at the National Paralympic Committee. At the same time, national federations benefit from ‘The maintaining, functioning and developing of the material base of sports’ programme that ensures the administration of sports bases of which they received free utilisation from MTS.

The ‘Sports for All’ programme aims to promote the sports movement, bringing benefits to all the practitioners, while ‘Rediscover the Oina’ is dedicated to the promotion of the oina game, which is considered to be a national sport. ‘Romania in motion’ is the most recent public utility programme. It was launched in June 2018, it is dedicated to all citizens regardless of age, gender or socio-economic profile and aims to disseminate the benefits of sports, and also to attract as many practitioners as possible towards sporting structures. Funds are available for local and county phases of sports competitions at school level system through county associations and are implemented by DJTS.

## Governance-related sports policies and regulations

National federations, the most important entities under the authority of MTS, are sports structures of national interest and represent *“judicial persons of private right, of public utility, autonomous, non-governmental, apolitical and with no working purpose.”* Only constituted by a formal approval of MTS, national federations *“organise and function based on their own status, in conformity with the law in effect and the statuses of correspondent international federations.”*

The MTS authority over national federations has two major directions. Firstly, like in the case of all sports structures, federations can only be established with the formal approval of MTS, by signing it in the Sports Registry and obtaining a Sports Identity Certificate. Secondly, the funding of MTS – indispensable, with some exceptions, to the activity of the federations – creates a quasi-dependency to the central authority. In 2018, 62 federations – including Sports for All and the National Paralympic Committee – received funds from MTS from the state budget and its own resources.

The financial connection between the national federations and the central authority is very important for the functioning of the sports system. Even though federations are considered autonomous entities, they must obey the MTS requests to respect some principles in order to receive funding. Many of these principles are in conformity with the good governance criteria, as defined by the NSGO. It is important to highlight that this situation can be an explanation for the consistent scores made by the national federations in the scope of internal accountability and control, the best represented dimension at consolidation level. This aspect is important, as the “Law of physical education and sports” contains a number of provisions that can be taken into consideration as reference points of good governance. Among these, the only points that are explicitly supported by an application methodology are those associated with the funding distribution criteria. In turn, this methodology can be considered an important reference point in regards to the ‘letter and spirit’ of the “Law of physical education and sports”.

According to the MTS disposition – Order 14/2018, Annex B, Chapter I – methodology for the financing of national sports federations in 2018 regulates the principles, conditions, criteria and financing contract, as well as the closing of the financial contract.

**Funding principles** – as written in Chapter II, Article 3 – correlate directly or indirectly with the dimensions of good governance, as defined by the NSGO:

- a) **Responsibility**, respectively assuming responsibility for actions and activities.
- b) **Transparency**, respectively informing those interested in the application of funding procedures, as well as ensuring free access to information of public interest.
- c) **Efficient use of public funding**, respectively the use of criteria making objective evaluation of grant applications possible, as well as allocation of the budget for sporting activities for the national sports federations.
- d) **The ethical approach**, respectively the completion of actions/activities in accordance with the highest standards of ethical behaviour.
- e) **Annuality**, meaning that the entire funding procedure of sports programmes conducted by the national federations must take place during the one calendar year in which it was approved.

As we can see, these principles take into account transparency and in equal measure the accountability and control in regards to obtaining and using funds. Although these provisions explicitly refer to the administration of financial resources, we can say that they have a significant impact on the implementation of good governance practices at the federal level.

As to **funding conditions**, listed in Chapter III, the methodology clearly states that the federation and its legal representative must prove themselves ethical during the entire funding process – Article 4. 1 (j).

Chapter VI details the **assigning and closing procedure of financing contracts**. Article 15 specifies that the evaluation of grant applications will be made by a Commission of MTS,

which will verify the data correctness, as well as the meeting of conditions by each soliciting federation – Article 16, (a) and (b). These provisions are relevant from the perspective of good governance for national federations, as it suggests the existence of a similar activity at a federal level, from the perspective of internal responsibility and control.

The implementation of the financing contract, as provided in Chapter VII, specifies at Article 23 the **rights and obligations of the national federations** and Paragraph 15 highlights the provisions regarding control and supervision. This underlines that the federation has to permit the MTS delegates to verify the allocated funds and own income way of usage, and to respect the *“legal dispositions and statute provisions, the constitutive act and federations’ regulation”*. The obligation mentioned beforehand is resumed in Paragraph 21, with the following addition: the federation must respect not only the provisions of the statute, constitutive act and own regulation, but also the *“standards of normative acts in the federation’s area of activity.”*

Article 23 becomes important from the perspective of good governance and for emphasising the importance of respecting the specific sports’ ethical norms by including them in the financing contract, norms that in turn correlate with the societal responsibility dimension.

Paragraph 9 underlines that the federation is bound to perform anti-doping control tests in 2018, while Paragraphs 24 and 25 refer to a federation’s need of *“prevention measures for indiscipline acts, unsportsmanlike manifestations, as well as for the use of banned substances”*, and also for the *“prevention and fight against violence in sports, in accordance with the law in effect.”*

The synthesis presented above is relevant from a good governance perspective, as it both highlights legal dispositions and suggests two important observations. On one hand, the governmental institution offers some guiding marks regarding good practices, and, at the same time, it refers to the need for federations to act in respect of their own administrative acts. From here, we can draw the following conclusion: federations, taking advantage of their own autonomy, can improve their official documents with good governance inspired norms. On the other hand, the financing methodology analysed above – only from the good governance point of view – is just a small part of the formalities a federation must complete in order to obtain funds from MTS. It is an indirect proof of the major bureaucracy behind the entire financing process. In the case of federations with small numbers of employees, these formalities can imply an overload of work, or even an overlap with sports performance and the dissemination of sports benefits for the society.

## Methods

Nine federations – seven mono-sport and two multisport – were selected in accordance to the standardised NSGO methodology. The sample contains five mandatory sports (athletics, football, handball, swimming and tennis), three recommended sports (gymnastics and triathlon) and two of the options suggested at the national level (rugby and basketball). The nine federations create a balanced sample, as it contains a small federation (triathlon), five medium ones (gymnastics, handball, swimming, rugby, tennis) and three big federations (athletics, basketball, football). The collection of data was accomplished in accordance with the standardised NSGO process.

The first phase (selection and contact) and the second phase (collecting data and preliminary score) took place in May-June 2017. The third (feedback), fourth (second preliminary score), fifth (final feedback) and sixth (final score) phases were effectuated between July and November of 2017. The second phase was carried through by a single researcher that reported to the research coordinator. The coordinator finished the other research phases. All federations reviewed and added to the research data. At the end of May 2018, all federations had the opportunity to notify the researchers about the changes implemented after the month of November 2017. The scores obtained by federations were centralised in an excel tab standardised by the NSGO. Indicators marked as “not applicable” are the standard NSGO indicators that cannot be applied in the cases of small and medium federations.

**Table 2: Sport, official name, official acronym**

Sport	Official name	Official acronym
Athletics	Romanian Athletics Federation	FRA
Basketball	Romanian Basketball Federation	FRB
Soccer	Romanian Football Federation	FRF
Gymnastics	Romanian Gymnastics Federation	FRG
Handball	Romanian Handball Federation	FRH
Swimming	Romanian Swimming and Modern Pentathlon Federation	FRNPM
Rugby	Romanian Rugby Federation	FRR
Tennis	Romanian Tennis Federation	FRT
Triathlon	Romanian Triathlon Federations	FRTRI



## Results

Results are synthesised in the central table. It demonstrates that the NSGO index for Romania is 44%, which is at a 'moderate' level. The Romanian NSGO index for internal accountability and control scored the highest at 52%. The Romanian NSGO index for transparency and democracy are at 47% and 45%, respectively. The Romanian NSGO index for societal responsibility is at 33%, which represents the lowest level of them all.

### Dimension 1: Transparency

Romanian sports federations had high scores on some of the segments, while in some areas the results are not satisfying:

- All federations got the maximum score for the publication of their statutes and sports regulation. Only half of them published their internal regulation (55%) and multi-annual plan (55%). The same score (55%) was registered for publication of the number of affiliated clubs.
- Results decrease when it comes to the publishing of minutes from Administration Council (CA) meetings in the past 12 months (44%), and the score is even lower in regards to the most recent annual report (33%).

Publishing documents about important policies – the multi-annual plan, annual report and minutes from the CA meetings and General Assemblies (AG) – facilitates the external monitoring of main policies and motivates high-ranking officials to act in the interest of the organisation and its main stakeholders. These documents and their informative content consolidate the trust of stakeholders regarding the organisation's efficiency.

The reporting situation also presents significant variations:

- Two thirds of the federations provide a summary of discussions and votes in the AG minutes, the same situation also being observed when it comes to the specification of the organisation's objectives in the annual report.
- A small number of federations motivate the most important decisions of the CA meetings in their minutes (11%), while the score concerning the publishing of annual financial report is no higher than 22%, the same percentage as the standing committees' activity reports.
- No federation included risk exploration in their annual report, nor a statement regarding conflicts of interest.

Not respecting the quality of risk evaluation presumes the apparition of medium and long-term problems, which can disturb the organisation's activity and limits the possibility of finding optimal solutions in the shortest time. The absence of reports regarding conflicts of interest, along with the absence of motivation for decisions made by CA, has a negative effect on the trust in the decision-making process. The low level of reporting on the internal functioning of standing committees correlates undesirably with that of reporting on the

financial situation. And this because the most important decisions of the organisation are financial, and that implies – directly or indirectly – the activity of standing committees. Reporting on important officials' salaries is also deficient:

- Only one third of federations included in their annual reports a statement on salary, a similar one on the remuneration of the CA members and of the management.
- The statement regarding the organisation's remuneration policies is included in 37% of the annual reports.
- The payment of high-ranking officials is an important guiding mark in regards to self-conduct. Revealing salaries, as well as the entire process of payment setting, facilitates external monitoring and generates a strong restrictive effect.

## Dimension 2: Democratic process

Most federations implement practices and procedures meant to stimulate internal debates:

- The statutes of all federations specify that the AG meets annually, that procedures are established for extraordinary meetings and that internal regulation sets the decision-making procedures.
- Three quarters of federations set up agenda-making procedures for every meeting, but only very few allow voting in absentia – through communication technology (11%).

Internal debates increase trust and qualitative ideas found at the basis of decisions meant to formulate the most adequate of policies. At the same time, the fact that federations do not allow voting in absentia can have an opposite effect.

Most federations have provisions that allow democratic elections:

- The statutes of all federations contain procedures for the nomination of CA members, while regulation offers information regarding the required percentage for winning elections, the quorum and electoral rounds.
- Regulation ensures that the AG picks directly most of CA members (88%), while elections unfold on the basis of secret voting (88%).

The fact that the AG directly picks CA members offers a clear image of representation, while secret voting has the role of preventing future internal tensions.

Setting a candidate's profile is not a priority for all federations. The situation regarding CA members' profile is relevant:

- Less than half of federations' CAs have a document that sets the desirable profile of the candidate (44%), approximately a quarter of these motivate the desired profile

based on the long-term policies of the organisation (22%), and more than half have an AG approved document (55%).

- Very few CAs have a document that establishes that the board periodically evaluates an actual and desired profile, as well as in a vacancy situation (11%).

Guiding marks set by the profile's candidate increase the chances of nominating a competent member and helps the organisation in this respect. The situation of nomination committees is also very important in regards to the configuration of a balanced CA. Romanian federations designate the nomination committees implicated in the electoral process as Validation Committees – CV:

- The federations' statutes designate a CV that supervises the election process of CA members (88%), but only few of them specify that the CA president cannot also be the president of the nomination committee (33%).
- No federation provisions in its statute that the nomination committee's tasks include the search for candidates for CA vacant mandates.
- A quarter of the federations establish through their statutes that the committee's tasks include the identification of competency, expertise and composition deficiencies of the CA, and less than a quarter set up that at least one member of the nomination committee should not be a member of the CA (22%).

From a formal point of view, the CV supervises the electoral process, but its implication is limited. Through its own implication in search for the candidates, the CV would strengthen its role and position, bringing benefits to the quality of elections.

The specification of term limits for the execution of mandates is another very important aspect of the CA's management performance:

- Very few federations set term limits for CA members in their statutes (11%).

Keeping leaders on an unlimited term can create a routine with unwanted effects for the organisation's evolution. Maintaining positions and their implicit advantages can become an objective, especially for members of lower management, which can cause the neglect of the organisation's real goals.

Romanian federations have a good representation of AG members.

In any case, not all federations meet this demand.

- In most federations the AG represents all affiliated members by direct or indirect representation (88%).

AG members not showing up can create undesired situations, cases in which the CA acts only in the favour of the represented.

The democratic vision of Romanian federations does not include the participation of all internal stakeholders in the organisation's policies:

- Half of federations have a formal policy regarding the implication of referees and coaches in the organisation's policies.
- Very few federations have a formal policy regarding the implication of employees in the organisation's policies (12%) and none of them have such a policy on the implication of athletes.
- Three quarters of the federations consult coaches when adopting a multi-annual plan, and half of these consult referees (55%), while only a third of them ask the athletes and none of them the volunteers.
- Formal representation of coaches and referees inside the organisation has a high level (77%).
- Athletes are represented in approximately a quarter of federations, a similar level to that of volunteers.

The participation of main stakeholders in the elaboration of the federations' policies is meant to increase the level of trust inside the organisation and the potential it has to achieve its goals.

Most federations do not give enough attention to gender equality:

- Very few federations have goals and specific actions meant to encourage equal access regarding the representation of women and men in all phases of the decision-making process (12%).
- The situation is the same in the case of equal representation of women and men in the nomination committee that searches for candidates for decision-making positions (12%).
- There is no federation that implements, as part of its human resources policies, clear procedures regarding gender equality for the identification of candidates.
- Few federations implement electoral procedures on the subject of gender equality for the identification of candidates (11%).
- None of the federations act on the reconciliation of family and professional responsibilities, or optional obligations, in favour of members of the CA and staff.

The limited presence of regulation on gender equality is undesired, as it creates the premises for overrepresentation of one of the genders. These procedures are necessary at the level of the entire organisation, and in regards to the variety of the CA body.

### Dimension 3: Internal accountability and control

Relevant segments are more or less adequately covered. Risk management and ethical conduct are the areas that need the most improvements.

Most federations set up procedures that allow the AG to supervise the CA:

- All federations set up in their statutes that the AG approves the annual plan and financial situations.
- Most organisations set up that the AG approves the multi-annual plan (88%) and the annual plan, based on the long-term financial plan (88%).

But there is still a lot of progress to be made in this area:

- A third of federations set up that the multi-annual plan include a long-term financial plan.
- A quarter of the federations provision in their statutes that CA members can vote in the General Assembly.
- None of the federations provision in their statutes or internal regulation that the board must evaluate itself annually.

The CA supervision of management has deficiencies in some areas:

- Just a third of the federations set up that the management reports to the CA at least four times a year on the financial situation and operational evolution.
- Approximately a quarter of the federations set up that the board organises an annual evaluation of management to discuss individual performance.
- Approximately half of the federations have a procedure that makes the board hold an annual meeting regarding the important tasks connected to the control function.

Most Romanian sports federations have a clear governance structure with separate tasks for each entity:

- All federations provide a clear definition of key CA positions, including the president's and at least one other important position.
- Three quarters of the federations set that the board decides on the general policy of the organisation – the mission, vision and strategy – while the management is tasked with the operational policy of the organisation.

The Code of Conduct represents a very important aspect. Even though many of the Romanian sports federations have such a code, its applicability can be improved a lot:

- Less than half of the federations have a code of conduct applicable to the CA members and the staff (44%).
- Only a third of the federations have a code of conduct applicable to the management.
- Less than half of the federations have a code of conduct applicable to CA members that provides - as a general obligation – that they must act with integrity (44%).

In addition, punctual provisions of the code are not satisfying:

- None of the federations' codes applicable to CA members provide rules in regards to gifts, only a third of the federations set rules on conflicts of interest and less than a quarter have rules on expenses (22%).

A similar situation can be observed in regards to procedures meant to limit conflicts of interest, with a few exceptions:

- All federations have procedures stating which employees of companies that are in commercial relations with the organisation – sponsors – cannot be members of CA.
- Several federations have procedures according to which members of the CA who cannot vote on matters that would imply conflicts of interest (66%).
- Just a third of the federations set up in their statutes that a member of a judicial organism of the organisation cannot be a member of the CA.
- None of the federations set up the reporting of conflicts of interest by mentioning them in a minute or registry, and none provide that commercial transactions with a third party – with whom a member of the CA has family ties or commercial direct or indirect relations – must be sent to the General Assembly or a commission mandated by AG.

Financial control mechanisms implemented by sport federations are well set, but there are still areas that need improvement:

- Most federations have independent financial or audit commissions, whose members are nominated by AG (88%).
- The majority of the federations have financial situations and audit registrations reviewed by an officially approved independent auditor (77%).
- Only a third of the federations have a system through which important financial transactions are periodically reviewed (37%).
- Approximately a quarter of the federations have a financial threshold for contracts with third parties, which establish if decisions will be made by the management or the CA.

Most federations implement additional controls with the purpose of limiting financial problems:

- Two thirds of the federations have a system in which accords or payments for the organisation must be signed by at least two people (66%), provide separation of tasks so as to not have the same person initiating and signing payments (62%) and setting up the necessity to differentiate and accurately describe payments in the financial accounts (66%).

## Dimension 4: Societal responsibility

The overall covering of this dimension is not satisfying, although there are areas with solid provisions:

- All federations have a formal policy that specifies the objectives and particular actions for prevention, screening and fight against doping, and implemented doping disciplinary rules in conformity with the WADA Code.
- The majority of the federations undertake actions meant to promote sports for all (88%).
- Two thirds of the federations undertake actions meant to gain attention for the doping rules and implement formal procedures in cooperation with the National Anti-doping Agency.
- Approximately two thirds of the federations nominated a staff member that acts formally as a single contact point and is responsible for all problems regarding health risks of sports activities (62%).
- Half of the federations undertake actions meant to support both genders for (future) leadership positions through formal or informal (guidance) training.
- Almost half of the federations have a formal policy that states objectives and particular actions meant to fight against sexual harassment in sports (44%) and implements disciplinary rules that fight against match-fixing (44%).

There are still areas where federations' scores are not satisfying:

- Less than half of the federations cooperate with other organisations to fight against sexual harassment in sports (37%).
- Only a third of the federations undertake actions within the organisation meant to promote the exchange of good practices in regards to environmental sustainability.
- The same percentage is found in regards to the informing of athletes about the risks associated with sports (33%).
- Only a third of the federations have a formal policy that underlines the objectives and specific actions in regards to the consultation of the organisation's members on the subjects of management and governance.

Although Romanian sports federations obtained a consistent score in some areas through clear provisions, their support is not strategically confirmed by additional regulation:

- None of the federations have a formal policy that underlines the objectives and specific actions meant to reduce health risks linked to sports activities.
- Few federations have objectives and specific actions meant to improve the social, cultural, educational or psychological situations of marginalised communities (11%).
- Few federations have a responsible employee designated to act as a single point of contact for all the problems regarding the fight against sexual harassment in sports (11%).
- Also, very few federations have a formal policy that underlines objectives and specific actions meant to support athletes with the balancing of a sporting career and education or work (12%).

- Few federations specify in the code of conduct rules meant to promote the physical integrity of athletes (22%), or undertake actions meant to promote the environmental sustainability during organised events (22%).
- Only a quarter of the federations undertake actions meant to gain attention on discrimination problems or establish a formal policy that underlines objectives and specific actions meant to fight against match-fixing.

Given the status of federations as public utility entities, the necessity for the support of these strategies is evident. At the same time, through their impact on the community, these strategies also could act in the favour of long-term objectives of the federations.



## Discussion and policy implications

On the dimension of transparency, all federations publish their statutes and sporting regulations, but only half publish their internal regulations and multi-annual plan. Generally, most federations provide the public with the necessary documents regarding organisational policies, but in the case of the annual report, the number of federations that make this document public is much lower. The same is true for reports on risk evaluation and remuneration, as well as the statements on conflicts of interest. Also, the presentations of financial situations and the activities of standing committees are not satisfying. The situation is similar in the cases of the motivations for decisions made by the Administration Council in minutes.

In the dimension of democratic process, most federations have solid regulations in regards to the stimulation of internal debates and support of democratic elections. In most federations, the General Assembly represents all affiliated members. The areas that can be improved most are those that set up the candidates' profiles for a membership position in the Administration Council, but also the implication of the Validation Commission. At the same time, setting term limits for CA mandates should become a priority, as could the provisions in regards to the participation of stakeholders in the organisational policies.

On the dimension of internal responsibility and control, most federations set up procedures that allow the General Assembly to supervise the Administration Council. The governing structure is clear, so that all federations define the key positions in the CA. In the vast majority of the federations, there are independent financial or audit committees, whose members are designated by the AG. Even so, few federations have a system through which important financial transactions are periodically reviewed. At the same time, no federations provide that the board must evaluate itself annually. The fact that only half of the federations have a code of conduct, which is applicable to CA members, management and personnel, is another segment that needs improvement. The code of conduct also needs punctual provisions in regards to expenses, conflicts of interest and gifts in the case of the CA. Not least, the implementation of a Code of Ethics, different from the internal regulation, would also be suitable.

Finally, in regards to the dimension of societal responsibility, Romanian sports federations scored well in the case of doping regulations, through the connection with the WADA Code, and by cooperating with the National Anti-doping Agency. Also, most federations undertake actions meant to promote sports for all. The score is lower in the area of policies regarding management consultation and governance given to the organisation's members. At the same time, the federations' strategic actions are limited when it comes to improvement of the situation of marginalised communities through sports. Also, none of the federations have a formal policy meant to reduce health risks in sporting activities, while regulations against sexual harassment are not supported by concrete strategic actions.

Overall, high scores were generated in areas where the activities of sports federations,

supported by their own administrative acts, intersect with that of the governmental authority and reflect the provisions of laws in effect. The launch of a good governance code is very opportune. The code's provisions will be able to focus on the priority of a more consistent implication of the stakeholders, and on the strategies regarding societal responsibility – areas where federations scored the lowest. Taking into account the actual state of the Romanian sports system, defined by bureaucracy and underfunding, a code of good governance implemented in a more or less imminent future can offer an important instrument for advancement towards a system of social essence. In this way, the sports system not only gets to keep its mission inspired by social values, but will also benefit from the support and implication of all the other important sports partners: the business environment, academia and, of course, mass-media.

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# REPORTS FROM ASSOCIATED EXTERNAL PARTNERS

# NATIONAL SPORTS GOVERNANCE OBSERVER

## COUNTRY REPORT: BRAZIL

# Key results: Brazil

Figures 1, 2, and 3 show Brazil’s main NSGO scores. Table 1 summarises the surveyed federations’ principle scores by showing their corresponding labels.

Figure 1: Brazil’s overall NSGO index score

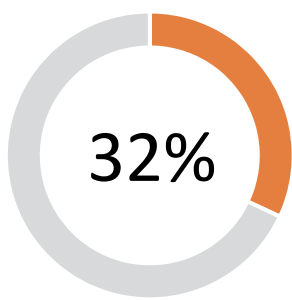


Figure 2: Brazil’s scores on the four NSGO dimensions

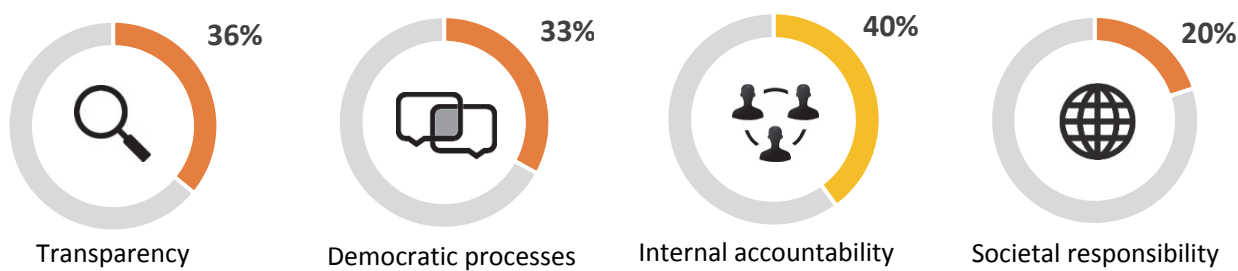
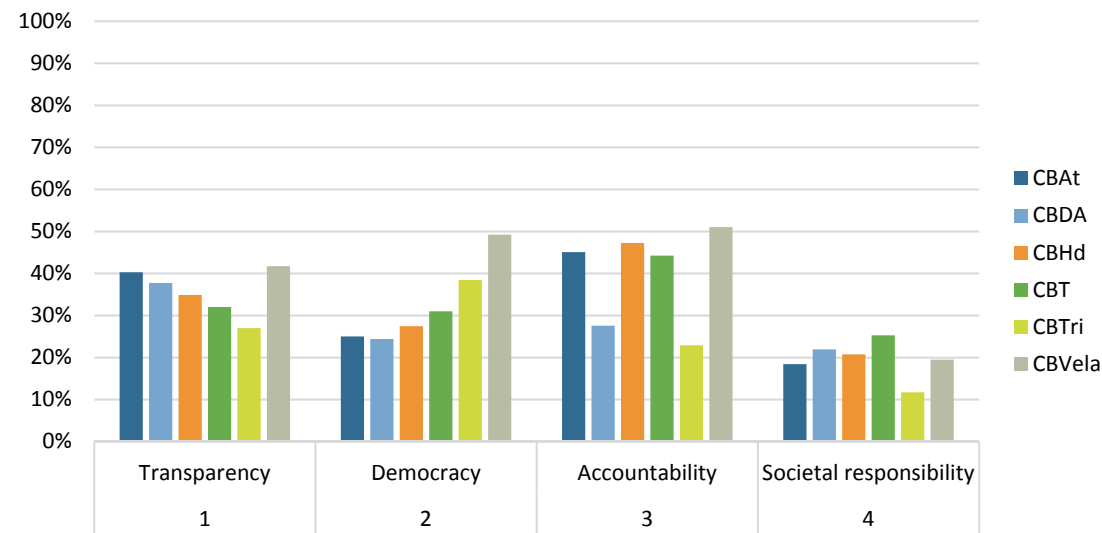


Figure 3: The surveyed Brazilian sports federations’ scores on the four NSGO dimensions



See table 2 for the federations’ full names.

**Table 1: The surveyed Brazilian federations' scores on the 46 NSGO principles**

	Principle	CBAt	CBDA	CBHd	CBT	CBTri	CBVela
Transparency	1. Legal and policy documents						
	2. General assembly						
	3. Board decisions						
	4. Board members						
	5. Athletes and clubs						
	6. Annual report						
	7. Remuneration						
Democratic processes	8. Elections of board members						
	9. Policy for differentiated board						
	10. Nomination committee						
	11. Quorums						
	12. Term limits						
	13. Member representation						
	14. Regular board meetings						
	15. Athletes' participation						
	16. Referees' participation						
	17. Coaches' participation						
	18. Volunteers' participation						
	19. Employees' participation						
	20. Gender equality policy						
Internal accountability	21. Supervision of board						
	22. Board resignation procedures						
	23. Board eligibility rules						
	24. Clear governance structure						
	25. Supervision of management						
	26. Audit committee						
	27. Financial controls						
	28. Board self-evaluation						
	29. External audit						
	30. Code of conduct						
	31. Conflict of interest procedures						
	32. Complaint procedure						
	33. Appeal procedure						
	34. Board meeting schedule						
Societal responsibility	35. Governance consulting						
	36. Mitigating health risks						
	37. Combating sexual harassment						
	38. Anti-doping						
	39. Social inclusion						
	40. Anti-discrimination						
	41. Gender equality						
	42. Anti-match-fixing						
	43. Environmental sustainability						
	44. Dual careers						
	45. Sport for all						
	46. Athletes' rights						

Not relevant	Not fulfilled	Weak	Moderate	Good	Very good
	0-19 %	20-39 %	40-59 %	60-79 %	80-100 %



## Overview

This chapter on Brazilian sports federations benchmarks the federations responsible for tennis, athletics, swimming, handball, triathlon, and sailing. National federations of gymnastics and football were formally invited to participate in the project but did not answer positively. Data was gathered from July to October 2017.

The average NSGO index of the Brazilian federations is 32%, which constitutes a weak score. The federations achieve a moderate score in Accountability, and weak scores in the other three dimensions: Transparency, Democracy and Societal responsibility.

Organisations have scored in areas where the government has implemented regulatory policies, such as participation of athletes in democratic processes; term limits for sports leaders and functioning of the sports court. However, there are still low rates of adoption of good governance practices in matters that are not present in Brazilian legislation, requiring a voluntary adoption by the leaders.

The following section discusses the background and context of good governance in Brazil with special attention to the Brazilian sports system and sports regulations and policies, devoting specific attention to issues that promote the implementation of elements of good governance. The subsequent section discusses the methods used for gathering and analysing data. The fourth section discusses the findings in detail, focusing on the federations' strengths and weaknesses in terms of the four NSGO dimensions of good governance. The final section summarises the main findings and explores the way forward regarding good governance in Brazilian sports federations.

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## Context

### Corporate governance culture

In Brazil, the reference for the dissemination of the best Corporate Governance practices is the Brazilian Institute of Corporate Governance (IBGC), founded in 1999. Through a Knowledge Center on the internet (<http://www.ibgc.org.br/portal-do-conhecimento> - only available in Portuguese), the governmental body discloses the concrete results of the research and dissemination of good Corporate Governance practices. IBGC publications are divided into 6 major groups: Code: Code of Best Corporate Governance Practices; Handbooks: publications focused on specific audiences, such as family businesses, public companies, third sector, among others; Guideline Letters: documents that provide guidelines on how to apply the Corporate Governance principles; Position Papers: expressions of the understanding and/or opinion of the Institute; Surveys: publications that present data and information on the practical application of Corporate Governance; Books: documents that organise and compile analyses signed by specialists and governance agents.

In the Brazilian sports environment, governance became a relevant topic just over 2 years ago, after the end of the decade of major events, when the 2014 FIFA World Cup and the 2016 Olympics were held in Brazil. In 2017, the Brazilian Ministry of Sport (governmental body that is at the top of the hierarchical structure of the Brazilian sports system and is responsible for standardising the entire production chain of the sector) released the first Guidebook on Good Governance Practices in Sports Entities. The goal of the Ministry is to adopt a series of measures that will link the adoption of good governance practices by the confederations, federations and clubs to the access to public resources.

### Sports system

The Brazilian sports system can be characterised as an example of a "bureaucratic configuration" (VOCASPORT Research Group, 2004, pp. 53-61). In Brazil, the government plays a leading role in the regulation and operation of the sports sector through its Ministry of Sports. This role is anticipated in a specific sports legislation, Law N<sup>o</sup>. 9615, which was approved and published in 1998, known as the Pelé Law. Following the Brazilian federal system, the state sports structures regionally present the same format and are directly subordinated to the national sports system.

Unlike in most countries, Brazilian governmental bodies on sports administration are not directly formed by practice bodies and their athletes, but by regional federations of each sport. Therefore, they are called Confederations (association of several federations). In this format, the Brazilian system ends up presenting an additional level in its organisational hierarchy when compared to what is identified in most countries.

Regarding the funding on the sports system, the Brazilian government also plays a leading role, even concerning football. Even though it is the only sport in Brazil that can be funded with no need of direct funds from the government, this modality needs the government in

order to maintain the majority of stadiums, to ensure order in the conduction of their games, and to fund rates and taxes.

The funding of Brazilian sports occurs mainly through the following forms:

- Direct transfer from the Brazilian Ministry of Sports to the sports bodies, by means of agreements individually signed, aiming at the execution of specific projects from each sport.
- Public resources generated by official lotteries. These resources are directly sent to the Brazilian Olympic Committee, which is responsible for defining and conducting their distribution among the various confederations that form the Olympic program.
- Sports Incentive Law, which allows legal and natural persons to transfer to sports bodies part of the tax they owe to the government. In order to benefit from this right, sports bodies must submit their projects, previously approved by the Brazilian Ministry of Sports, before fundraising is initiated. The same funding system, although in smaller volumes, is reproduced regionally, and thus the federations of each sport relate to the state government they represent. In this case, each state has its own laws and formats of resource distribution and inspection.

Complementing the Brazilian system of sports funding, the Brazilian Ministry of Sports upkeep a program called “Bolsa Atleta”. Through this program, the Brazilian government directly distributes resources to athletes of various Olympic sports that fulfil certain prerequisites. Currently, the resources from this program have become indispensable, and in many cases, they are the only source of funding for athletes to bear the costs of their preparation and participation in major competitions.

In Brazil, the groups responsible for the "umbrella organisation" are the Brazilian Olympic Committee (BOC) and the Brazilian Paralympic Committee (BPC). They are also the main interlocutors between the confederations and the government. These two committees operate at both poles of the system. On the one hand, they guide the national confederations, giving advice and assisting in their internal management and in their annual and multiannual plans. On the other hand, they work along with the Brazilian Ministry of Sport, contributing to topics such as public policies, operational models, budgets, and resource distribution. In Brazil, there is no state-funded or state-owned enterprise responsible for generating and disseminating knowledge in the areas of sports management and good governance practices. Therefore, since 2017, the Brazilian Olympic Committee has assumed this role (though unofficially), and started to adopt and disseminate information on these issues along with the national sports confederations affiliated to it.

The Brazilian legal framework focused on the sports market is composed of the following laws:

- Law N°. 9615, from March 24, 1998 – Pelé Law

- Subsequent amendments and regulations:
  - Law N°. 9981, from July 7, 2000
  - Law N°. 10672, from May 15, 2003
  - Law N°. 12395, from March 16, 2011
  - Law N°. 12868, from October 15, 2013
  - MS Ordinance 224, from September 18, 2014
  - Law N°. 13322, from July 28, 2016
  - MS Ordinance 115, from April 3, 2018
- Decree N°. 3100, from June 30, 1999 – Qualification of legal persons of private law, non-profit
- Law N°. 11438, from 2006 – Establishes tax benefits for legal or natural persons that encourage the development of national sports by means of sponsoring/donating for sports and parasports projects
- Decree N°. 6170, from July 25, 2007 – Agreements and contracts for transfer of funds
- Interministerial Ordinance 507, from November 24, 2011 – Agreements, contracts for transfer, and cooperation terms
- Decree N°. 7984, from April 8, 2013 – Regulates Law N°. 9615, which establishes general regulations on sports
- Law N°. 10264, from July 16, 2001 – Agnelo Piva Law
- Law N°. 13155, from August 4, 2015 – PROFUT
- Decree N°. 8642, from January 19, 2016 – APFUT.

This set of laws regulates the Brazilian sports system by describing the fundamental principles that guide it and the nature and purposes of the sport for the Brazilian government, by classifying the various manifestations, and by determining which bodies compose this system and the source of the funds to finance its activities.

In addition to this set of Laws, Decrees and Ministerial Ordinances, the bodies that form the Brazilian sports system and utilise its public resources must fulfill a series of recommendations issued by the regulatory and supervisory bodies of the Brazilian government. Amongst these bodies, the FCA – Brazil's Federal Court of Accounts, specifically responsible for supervising the use of public resources, stands out. The main determinations directed to sports are:

- Ruling 1973/2012 Minute 29 – Plenary – 01/08/2012
- Ruling 1785/2015 Minute 29 – Plenary – 07/22/2015
- Ruling 2914/2015 Minute 45 – Plenary – 11/11/2015
- Ruling 2838/2016 Minute 46 – Plenary – 11/09/2016.

As established in Art. 4 of the Law N°. 9615, from March 24, 1998 – Pelé Law, the Brazilian sports system comprises the following bodies:

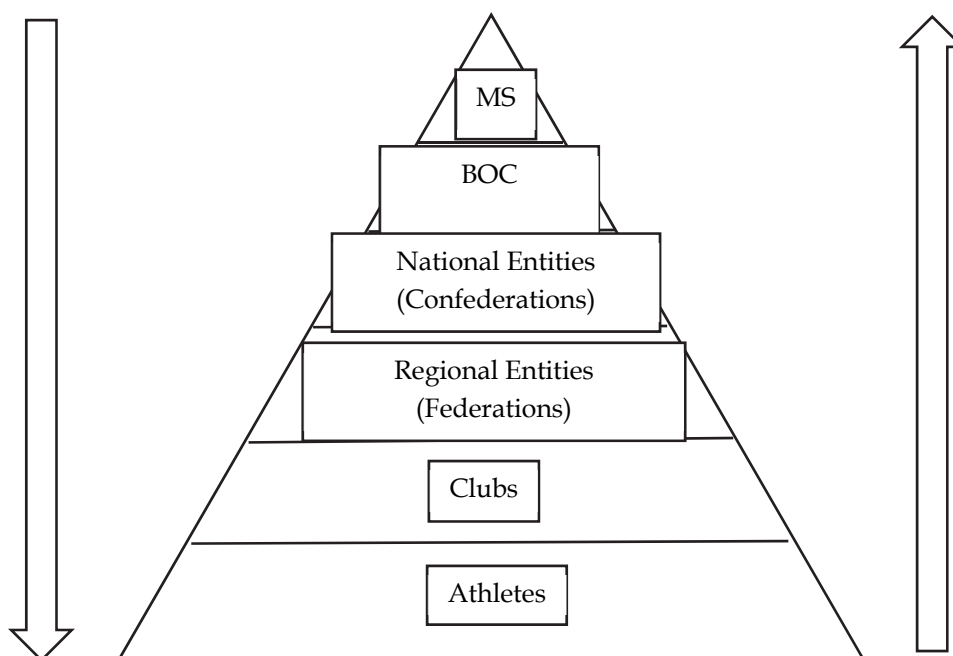
- Brazilian Ministry of Sport (MS)
- National Council of Sports

- The national sports system and the state and municipal sports systems, integrated by specific technical links of each sport.

In addition, as described in Art. 13 of the same law, the national sports system is composed of the following bodies:

- Brazilian Olympic Committee (BOC)
- Brazilian Paralympic Committee (BPC)
- Brazilian Club Committee (BCC)
- National Sports Management Entities (Confederations)
- Regional Sports Management Entities (Federations)
- National and regional leagues
- Sports Practice Entities (Clubs).

The Brazilian sports system can be represented by the following diagram:



Where:

**MS = Ministry of Sports** – Government body responsible for establishing public policies on sport, investment priorities, regulation, distribution of public resources, and supervision of their use. Its main representatives are selected by the Brazilian government and its organisation is mostly composed of people admitted through public tenders, destined to work in the institutions that compose the administration of the Brazilian state.

**BOC = Brazilian Olympic Committee** – Responsible for managing the Brazilian representation in the Olympic, Pan American and other games of the same nature linked to the International Olympic Committee, as well as promoting the Olympic movement in Brazilian territory. It represents Olympism within the Brazilian government and is

responsible for establishing the distribution policies regarding the public resources destined to the preparation of the Brazilian Olympic team. Their leaders are chosen via direct election, in secret ballot, within an electoral college formed by presidents of confederations and representatives of the athletes who have played for Brazil in the Olympics;

**BPC = Brazilian Paralympic Committee** – Responsible for managing the representation of Brazil in the Paralympic, Parapan American and other games of the same nature linked to the International Paralympic Committee. It is also responsible for establishing the distribution policies regarding the public resources destined to the preparation of the Brazilian Paralympic team. Their leaders are chosen via direct election, in secret ballot, within an electoral college formed by presidents of confederations and representatives of the athletes who have played for Brazil in the Paralympics;

**BCC = Brazilian Club Committee** – Association comprised of the main sports clubs that train Olympic athletes. This entity is responsible for representing the clubs amidst the public power, as well as analysing, selecting, distributing and controlling the resources destined exclusively for the main programs of development and preparation of athletes. Its representatives are chosen via direct election, within an electoral college composed by the presidents of the clubs affiliated with the committee.

**National Sports Management Entities (confederations)** – They are autonomous, associative, non-profit entities that represent, nationally and internationally, a specific sport. They are linked to the international system by specific technical criteria of each International Federation, thus only one entity per Olympic sport is allowed to exist in Brazil. They are mainly composed of the regional administration entities of each sport (federations). Under the specificity of each sport, the clubs and the athletes can also affiliate directly with their confederation. Its representatives are chosen via direct election, within an electoral college composed of all the presidents of the federations and obligatorily a representative of the athletes. In specific cases, the clubs also have voting rights. Among its main duties are: the representation of the sport amidst the Brazilian Ministry of Sports, the Brazilian Olympic Committee, and the international entities; the promotion of the sport on national level; the organisation of national competitions; the representation of Brazil in international competitions, and the training of referees, coaches and commissioners.

**Regional Sports Management Entities (federations)** – They are autonomous, associative, non-profit entities that represent a specific sport within each federation unit (state). They are linked to the national system by specific technical criteria of each national federation, thus only one entity per Olympic sport is allowed to exist in each Brazilian state. They are mainly composed of sports practice entities (clubs). Under the specificity of each sport, the clubs and the athletes can also affiliate directly with their federation. Its representatives are chosen via direct election, within an electoral college composed of all presidents of the clubs and obligatorily a representative of the athletes. Among its main duties are: (i) the representation of the sport amidst the national entities; (ii) the promotion of the sport on

state level; (iii) the organisation of state/regional competitions, and, (iv) in some cases, the training of referees and commissioners.

**Clubs** – They are autonomous, associative, profit or non-profit entities, created by groups of people with common interests. In this case, they predominantly perform sport-related activities, but they may also develop cultural and recreational activities. A club may practice a specific sport or various sports, in which case it may affiliate with as many federations as it chooses to compete regionally and nationally. Under the Brazilian system, as a rule, a club can only participate in national competitions if it is also affiliated and participating in regional competitions of the respective sport. They are composed of members of the society where the club is situated, and its representatives are usually chosen by voting among their members. The electoral college may be comprised of all members or only of a specific category of them, always as previously determined in the standardising documents of the entity. Variations may occur, but their usual duties within the sports field are linked to discovering, aggregating, training, and coaching athletes.

**Athletes** – People who are affiliated to a club with the intention of participating in competitions for a particular sport. In this context, regular athletes – people who play sports, even if on a regular basis – are not contemplated, since they do not intend to participate in official sports competitions and therefore do not claim affiliation with regional and national sports administration entities. Athletes usually begin their activities in a club or a sports association in their municipalities and may eventually advance their membership as they develop in their sports. Conflictingly, the participation of athletes in the political and administrative issues of the entities with which they are affiliated (clubs, federations and confederations) did not use to be something regular in Brazil. At the present time, this practice has been stimulated and developed in Brazil via legal resolutions and documents of good management and governance practices created by the Ministry of Sports.

## Governance-related sports policies and regulations

Brazil has been developing its sports legislation since the 1940s. In 1998, with the approval of the Law Nº. 9615, known as the Pelé Law, the Brazilian sports system adopted its current format. Despite the selection of Brazil as the host of the 2014 FIFA World Cup in October 2007 and the 2016 Olympics in October 2009, the enormous concern created by the continually exposed scandals related to the national sports entities, the enormous amount of public money that had been invested in sports since 2010, and the release of a plan denominated 'Brazil Medals' in 2012, all amount to the affirmation that practical measures aimed at implementing good governance practices within sports entities were only fully executed in 2013, with the approval and publication of the Law Nº. 12868, which added Art. 18-A in the Pelé Law, complementing what was already indicated in Art. 18 of this law. Until then, the legal framework was mainly concerned with the legal compliance of acts inside some institutions, moderately concerned with accountability, and little attention was given to the principles of democracy, equity and social responsibility within the entities.

Art. 18 of the Pelé Law already indicated that entities wishing to gain access to public resources should:

- have financial viability and autonomy
- meet all the requirements established by law
- be in good standing with their tax and labour obligations
- demonstrate compatibility between the actions developed to improve their respective sport and the National Sports Plan.

The approval of Art. 18-A provided that, in order to receive resources from the federal public administration, the entities that compose the National Sports System should also include in their standardised instruments:

- to have a mandate of four years, with one re-election of the main leader allowed at the most
- to fully allocate financial profit to the maintenance and development of its social objectives
- to be transparent in management, including economic and financial data, contracts, sponsors, image rights, intellectual property, and any other management elements
- to ensure the representation of the athletes' category in their respective sports, in the scope of governmental bodies and technical councils in charge of the approval of regulations and competitions
- to ensure the existence and the autonomy of their Supervisory board
- to clearly state in their Statutes:
  - Defining principles of democratic management
  - Instruments of Social control
  - Transparency in the allocation of resources
  - Internal supervision
  - Rotation of management positions
  - Approval of annual accounts by a board of directors, preceded by the statement of the supervisory board
  - Participation of athletes in the boards of directors and in the election for the management positions of the entity
- to ensure that all associates and affiliates have unrestricted access to documents and information regarding accountability, as well as the management of the respective sports administration entity, all of which must be published in its entirety on the website of the entity.

The same article, in its second paragraph, further determines that the Brazilian Ministry of Sports is responsible for verifying the effective fulfilment of these determinations and allocating the public resources to sports.

Recently, in 2018, two new documents were published with the intention of improving the existing governance tools. The first one has no legislation endorsement, but has the purpose of disseminating knowledge and assisting the managers of sports entities. It is the



Guidebook on Good Governance Practices in Sports Entities, released by the Brazilian Ministry of Sports ([http://www.esporte.gov.br/arquivos/arquivos/cartilha\\_de\\_governanca\\_em\\_entidades\\_esportivas\\_ministerio\\_do\\_esporte.pdf](http://www.esporte.gov.br/arquivos/arquivos/cartilha_de_governanca_em_entidades_esportivas_ministerio_do_esporte.pdf) - only available in Portuguese). The second one, with legislation endorsement, is the Ordinance 115 of the Brazilian Ministry of Sports, whose purpose is to regulate the verification procedure of compliance with the demands made by Art. 18, 18-A, 22, 23 and 24 of the Pelé Law.

## Methods

There are 56 sports federations affiliated in the Brazilian Olympic Committee and 35 of these receive public funding from the Brazilian government. A sample of eight federations was selected in accordance with the standardised NSGO methodology. The sample comprises the five compulsory sports (athletics, football, handball, swimming, and tennis) and three recommended types of federations (gymnastics, triathlon, and the umbrella sports federation). Given that it was not possible to find an umbrella sports federation, it was decided to invite the national federation of sailing. Table 2 shows all participating federations with the official name and acronym. The sample includes four mid-size federations (handball, tennis, triathlon, and sailing) and two large federations (athletics, swimming). There is no small federation in the sample.

Data collection was conducted in accordance with the standardised NSGO data gathering process. Phase one (selecting and contacting) and phase two (data gathering and first preliminary scoring) were conducted in July and August 2017. Phase three (feedback), phase four (second preliminary scoring), phase five (final feedback), and phase six (final scoring) were conducted from August 2017 until October 2017. Two researchers conducted all phases. All federations reviewed and complemented the data gathered.

The federations' scores were aggregated on the basis of the standardised NSGO excel sheets. The indicators deemed not applicable correspond with the standard NSGO indicators not applicable for small and mid-size federations.

**Table 2: Sport, official name, and official acronym of sample federations**

Sport	Official name	Official acronym
Athletics	Confederação Brasileira de Atletismo	CBAAt
Handball	Confederação Brasileira de Handebol	CBHd
Swimming	Confederação Brasileira de Desportos Aquáticos	CBDA
Tennis	Confederação Brasileira de Tênis	CBT
Triathlon	Confederação Brasileira de Triathlon	CRTri
Sailing	Confederação Brasileira de Vela	CBVela

## Results

### Dimension 1: Transparency

In the dimension of transparency, Brazilian entities have a low score (an average of 36%), although they have achieved a good score in some of the principles. The entity that achieved the highest percentage score reached 42%, whereas the worst obtained a percentage score of 27%.

On the one hand, entities perform well regarding the disclosure of constitutional and standards documents:

- All entities publish statutes and information about their members (100%).
- Most entities publish their sports rules (83%); all entities publish agendas of their general assemblies before they occur (100%); and many of them release the names of their current board members (83%).

On the other hand, few entities pay attention to the disclosure of the documents that regulate their internal functioning and show the daily results of their activities:

- Few entities publish their internal regulations (33%).
- None of the entities publish minutes of their board meetings (0%).
- Only a few entities publish their multiannual plans (17%), even though this document is delivered directly to the affiliated members by many of these bodies (67%).

Regarding the quality of the documents released, Brazilian entities present a very poor score. Only half of the entities publish, in the agenda of their General Assemblies, a small explanation on the topics to be voted on and release the minutes of the Assemblies after they happen (50%). Few entities publish biographical data on their board members (17%), and none of them report whether the members had previous mandates or positions in other sports entities (0%). Even if they deliver directly to the affiliates, none of the entities include in their annual report: how to control risks, mitigation of conflicts of interest and remuneration policy for their board members and other employees (0%). Moreover, only some of them establish the objectives of the organisation and the concrete actions taken in order to reach them in this document (17%).

### Dimension 2: Democratic processes

In the dimension of democratic processes, Brazilian entities scored 33% and the final grade 'weak'. The best score among the entities evaluated was 49%, and the worst 24%. Indicators related to electoral processes, periodicity of general assemblies, and wide representation of athletes in electoral processes are highlighted.

There are well-defined rules and procedures for democratic processes in sports organisations in Brazil:

- All organisations have clear procedures for choosing board members. The rules determine those who may vote, the weight of the votes, quorum, and electoral rounds.
- Another factor to be highlighted in the democratic processes dimension is that all organisations have a mandate limit for board members. The usual duration of a mandate is four years, plus four years in case of reelection, as the Brazilian sports legislation establishes.
- All organisations hold their general meetings annually and have clear procedures for convening extraordinary meetings.
- A negative factor regards the non-existence of organisations that allow votes 'in absentia'.
- Although the electoral processes of the organisations are well established, it has been verified that the same does not happen when it comes to the internal processes related to the operation of the boards.
- Only 16% of the organisations have rules in their statutes stating that boards must meet at least five times a year.
- No organisation has established procedures for setting the agenda for the board meetings or for conducting meetings.

This scenario creates a gap in the relationship between elected boards and other members of the organisation, who are left unaware of how and when decisions are made. The distance created interferes with democratic relations and makes decision-making processes obscure.

Regarding the participation of different groups in the political and strategic processes of the organisations, it is noticed that there is still no egalitarian distribution, with some groups being highly represented while others have no representation whatsoever:

- In 100% of the organisations, athletes are present in the political processes, because the Brazilian sports legislation requires their representation.
- Regarding the participation of other groups in political processes, the participation of coaches and referees in 66% of the organisations stands out, followed by the participation of the employees in 50% of the organisations.
- As for the participation of volunteers, it was noticed that this group does not participate in any of the political and electoral processes of the organisations.

It is worth mentioning a negative highlight related to the equal access of male and female representatives. All of the organisations have gender-sensitive procedures for the identification of candidates, while only 16% have this type of procedure in the hiring of employees. Additionally, no internal actions to promote gender equality were identified.

### Dimension 3: Internal accountability and control

The dimension of accountability was the only one where Brazilian entities managed to obtain the final general average "moderate", with a score of 40%. Still, there is a huge

difference between the best entity evaluated, which obtained a score of 51%, and the worst, which obtained a value of 23%. This dimension was the only one where most entities presented an evaluation score of over 40%. This situation is probably a reflection of the fact that matters concerning the accountability of entities are mostly regulated by the Brazilian legislation.

Another likely reflection of the Brazilian legal impositions is the restricted view on the dimension of accountability. Brazilian entities show concern in regards to documents that demonstrate and prove their economic, financial, and fiscal positions, but they do not show much interest in showing how they conduct the decision-making processes and in applying instruments of evaluation and control on the actions of its main leaders and collaborators. Overall, even though the general assemblies of the entities operate in a sense that allows some control over the actions of the board, it is possible to consider that this control is inefficient and presents a wide field for evolution, based on its general attributions:

- In 100% of the entities, the board members do not have the right to vote on the decisions of the general assembly.
- In 100% of the entities, the general assembly must approve the annual financial statements, and in 83% of them, the general assembly must approve the annual budget. However, in 0% of the cases these documents refer to multiannual plan; and in 33% of the entities, the documents are based on a long-term financial plan.
- In 0% of the entities, statutes and/or internal regulations determine that the multiannual plan must be approved by the general assembly. However, in 17% of the entities, the assemblies have approved a multiannual plan: in 0% of the entities, this plan included a multiannual policy; and in only 17% this plan outlined specific objectives and actions for each main objective.

Regarding the internal operating procedures and early replacement of the board members, the internal regulation of all entities can be improved. Most situations are either not contemplated in the internal documents or can be solved unilaterally by the President:

- In 50% of the entities, statutes and/or internal regulations establish general procedures regarding the early resignation of board members and cases of repeated absenteeism.
- In 17% of the entities, statutes and/or internal regulations establish the cases in which the general assemblies must express their opinion on the early leave of a board member and provide for the leave procedure in cases of unethical conduct.
- In 0% of the entities, statutes and/or internal regulations provide leave procedures of board members in case of conflict (conflicting ideas) and malfunction of the entity.

Regarding any conflicts of interest that may exist amongst the board members, the institutions have presented good principles in their statutes and/or internal regulations. In addition, they are expected to try avoiding and/or mitigating the cases that might occur:

- In 67% of the entities, statutes and/or internal regulations define the circumstances that represent serious conflicts of interest and prevent a person from being eligible to the board.
- In 100% of the entities, statutes state that a member of an internal justice entity cannot be a member of the board, but in 83% of them, there is indeed a member of the internal justice entity within their board.

Regarding the separation of internal powers, the entities have presented an average score. Despite the concern about separating the executive environment from the political/institutional environment, a standard behaviour was not observed, which may indicate that each federation follows its sports traditions and culture and not necessarily relies on good practices within the principle of the separation of powers:

- In 67% of entities, statutes and/or internal regulations define key positions for their board. They include at least one more position besides the President and establish that the board has ultimate authority over the budget and finances of the organisation.
- Regarding standing committees, in 67% of the entities, statutes and/or internal regulations define their purposes, and in 50% of them, these documents establish the delegated tasks and the composition of each task.
- The negative points of this principle are: the board is responsible for determining the general policy of the organisation in only 17% of the entities; and the requirements that must be followed in the generation of reports of each of the standing committees are pre-determined in none of them (0%).

Regarding the management's internal supervision through the board, the analyses demonstrate that Brazilian entities have flaws, and their practices can be greatly improved:

- Only in 50% of the entities, statutes and/or internal regulations describe the competencies and responsibilities delegated to the management area and determine that they must regularly and periodically report on their operation and financial management. Only in 17% of the entities, it is required that the board must determine the remuneration of the managers.
- In 33% of the entities, some type of management evaluation was performed in the last 12 months. In 0% of the entities, the normative documents establish that the board must perform an annual evaluation, discuss the individual performance of each employee, and produce a report on the meeting.

As previously mentioned, Brazilian entities pay special attention to the internal control of their accounting and to the publication of documents that demonstrate and prove their economic, financial, and fiscal positions. The operation of an entity on internal financial control that has its body elected by the general assembly and has full autonomy in its operation is determined by the Brazilian Law. Therefore, 100% of the entities provide for this committee in its statutes and/or internal regulations. In 87% of them, its body, operation format, and main tasks are also provided.

However, it is noticed that the attributions of this committee are basically related to the financial control (the committee does not have other functions amongst its attributions). In 67% of the entities, this committee also has the obligation to evaluate and recommend internal controls, and in only 33% of them this committee has to evaluate and recommend the risk management and governance.

Contradictorily, the implementation of a financial control system proves to be one of the points in which Brazilian entities need to advance. 67% of the entities analysed determine the obligation of agreements and/or payments on behalf of the organisation to be signed by at least two people in their internal regulations and that the most significant financial transactions have to be reviewed periodically:

- The regulations of 50% of the entities establish a division of tasks, where initiating a hiring and/or purchase and approving the payments cannot be executed by the same person.
- In 33% of the entities, internal regulations state some restrictions on the use of money: requirements to clearly and precisely categorise, describe and record payments. They also establish a financial ceiling to determine which contracts may be signed by management and which must be approved by the board.
- In none of the entities (0%), internal regulations establish that the same person may not receive, register, and deposit funds.

Internal evaluation of the composition and performance of the board did not prove to be a practice adopted by the entities evaluated. Only 17% of the organisations have a document informing how the composition and performance of the board was evaluated in the last 12 months, and none of the entities (0%) state the obligation of the board to annually perform this self-evaluation in their statutes and/or internal regulations:

- In 25% of the entities, an external expert, at some point, helped the board to perform a self-evaluation of its composition and performance.

Following the legal obligations in Brazil, 100% of the entities had their financial statements and annual accounting records reviewed by an independent and officially approved auditor. However, only 33% of them are risk assessment methodologies that have been reviewed at least once by an independent auditor in the last five years, while governance (compliance program, governance structure, internal processes, etc.) has been reviewed by an independent auditor and officially approved during the same five-year period in 50% of entities.

Regarding the existence and recognition of a Code of Conduct, Brazilian entities demonstrate a good performance: the majority have this document available online and indeed encourage the practices described there. However, there is a wide field to advance on the application of this document. In only 33% of entities, this code explicitly applies to board members and to those who compose the management team, and in the remaining

67%, the document is basically directed to sports and disciplinary issues of athletes, coaches, commissioners, and members of delegations in official competitions.

All entities in which the code explicitly applies to board members (33%) have rules on conflicts of interest. Conflicts of Interest that may arise during day-to-day activities of the entities do not appear as a relevant topic for the majority of boards of the Brazilian federations. Only 17% of them have in their internal regiments practices related to the subject, and in none of them (0%), there is a determination for conflicts to be reported in a specific registry and/or meeting minutes.

Establishing processes and practices that allow for the safe and anonymous processing and investigation of inquiries and complaints, thus enabling a better social control of the activities performed in the entities, has not proved to be a relevant matter for the entities evaluated:

- In 0% of the entities, the statutes and/or internal regulations establish practices for processing complaints about violations of the rules of conduct, or provide information on how the investigation of these complaints will be operated;
- 33% of the entities have practices with defined rules for submitting complaints and for the notification, to the person who submitted the complaint, on the results of the investigation. Additionally, in 17% of the entities, an anonymous complaint may be registered;
- 0% of entities have practices that provide guarantees that there will be no retaliation against ones who report concerns and/or submit a complaint in good faith, and they also do not determine that these concerns and/or complaints should be kept, as much as possible, as confidential information;
- The positive point in this principle is that 67% of entities have practices with defined rules on cases in which there should be involvement of an independent internal or external court.

One peculiarity of the Brazilian sports system is the existence of a Code of Sports Justice. This Code has provisions for the mitigation of the various issues related exclusively to the sports environment. Thus, 100% of the Brazilian entities acknowledge the practices that allow their decisions to be contested.

Through the Brazilian Code of Sports Justice, all athletes, coaches, referees, delegates, and clubs know exactly which practices need to be performed in order to appeal against a sports sanction. It should be noted that the Courts of Sports Justice, responsible for analysing and prosecuting each case, have their composition described in the Brazilian Code of Sports Justice (BCSJ), and the appointment of its members is deliberated by the various segments, guaranteeing the representation of all stakeholders;

Among the practices established by the BCSJ, there is a guarantee that 100% of the parties involved are entitled to a hearing and legal assistance or pro bono advice if they wish so



and that the members of the dispute settlement agency (Court of Justice) may not belong to the board or any standing committee of an organisation.

## Dimension 4: Societal responsibility

The Brazilian federations received the lowest score in the societal responsibility dimension (20%).

Only on issues related to doping, organisations have obtained good scores:

- A majority of the federations (83%) implement disciplinary rules to combat doping in conformity with the World Anti-Doping Code.
- A majority of the federations (83%) implement formal procedures establishing its cooperation with the National Anti-Doping Authority.
- A majority of the federations (83%) have a designated staff member who is responsible for all matters regarding combating doping in sport.
- However, only few organisations (16%) have formal policy that outlines objectives and specific actions aimed at preventing, detecting, and combating doping practices.

Issues related to offering consulting to their member organisations in the areas of management and governance are not carried out by Brazilian national federations:

- None of the federations have a formal (written) policy that outlines objectives and specific actions to be taken regarding the consulting of its member organisations in the areas of management or governance. In addition, there is no tailored (one-on-one) advice and no distribution of templates or good practices.
- A minority of the federations (16%) have a designated staff member responsible for all matters related to management and/ or governance consulting.

Some issues within the societal responsibility dimension have received negative results. For example the issue promoting gender equality in sport where none of the federations have formal policy, raise awareness via educational material, undertake actions aimed at supporting leaders of both sexes, cooperate with other organisations or have a designated staff member who is responsible for all matters regarding gender equality issues.

Other areas that received low results in the societal responsibility dimension:

- No federation has formal policies to help athletes combine their sporting career with education or work. No federation has a staff member responsible for all matters regarding dual careers.
- A minority of the federations (16%) have a formal policy that outlines objectives and specific actions aimed at promoting environmental sustainability.

These slow results in the societal responsibility dimension reinforce the importance of sports leaders to rethink the social role of sports organisations. Sports organisations should be aware that they have great responsibilities in the societies in which they are inserted, not only for obtaining good sports results.

## Discussion and policy implications

The results of the NSGO Index in Brazilian sports federations proved weak on good governance. Even with some government regulation in some dimensions, there is a lot to do to achieve better results, especially in the area of societal responsibility.

In the transparency dimension, the Brazilian federations need to prepare and publish documents related to their internal activities. For instance, publish the minutes of board meetings with explanation behind the rationale of certain key decisions and publish annual reports with information about risk management, activities of all committees and a complete report about remuneration of board members and staff. The annual reports identified during the research deal almost exclusively with sports information.

Concerning the democratic processes dimension, there are some issues that can be highlighted, for instance, all federations have term limits for board members and all organisations have written policies that involve athletes in its policy processes. The organisations received good scores on items related to procedures for the appointment and reappointment of the members of the board but they need to work on regulation that permit democratic processes for the election of the majority of board members. Usually Brazilian national federations only elect the president, vice president and members of finance committee, the other board members are chosen by the elect president.

There are two points that need to be reviewed in democratic processes in Brazilian federations. First is the necessity to involve more stakeholders in policy processes, especially referees, coaches and employees. Second is to implement gender sensitive procedures to identify and encourage representation for women and men in all stages of the decision-making process. This study did not find any federation that had defined policies to balance the representation of women and men in board and committees.

With regard to accountability, federations received a moderate score (40%) because of some regulations that enforce the existence of internal audit processes; that the general assembly is responsible for financial statements; and that financial statements and accounting records need to be reviewed by an independent and officially approved auditor. The existence of a formal and well-structured Sports Justice was the main reason for achieving this score. There are some areas that need to improve including the establishment of meeting board schedules, procedures in conflict of interest situations, and board annual self-evaluation procedures.

In the societal responsibility dimension, the federations achieved the worst scores with only 20% of indicators completed. The weak score is related to a lack of policies and actions

in issues regarding mitigating the health risks of sporting activities, combating sexual harassment in sport, promoting gender equality in sport, and offering consulting of its member organisations in the areas of management or governance. Doping is the only indicator where the federations achieved good scores. Because of this lack of knowledge in issues related with societal responsibility, it is important to Brazilian sports federations to find partner organisations that can help prepare policies and strategic planning for the first actions related to societal responsibility.

Even with some regulation by the Sports Ministry, the Brazilian federations still have a long way to improve their good governance. After the Rio 2016 Summer Olympics there is pressure from different stakeholders to create new good governance processes in the sports organisations. The government has created new policies and a group of third sector organisations are committed to helping the sports organisations improve their good governance.

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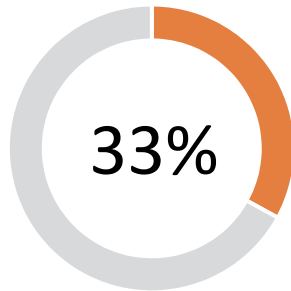
# NATIONAL SPORTS GOVERNANCE OBSERVER

## COUNTRY REPORT: MONTENEGRO

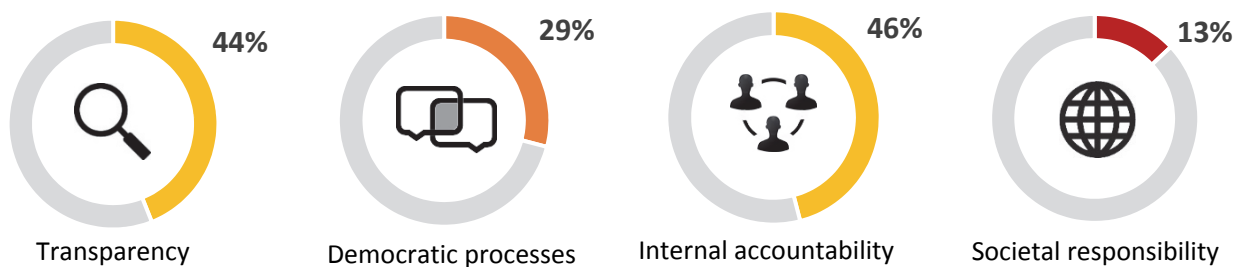
## Key results: Montenegro

Figures 1, 2, and 3 show Montenegro's main NSGO scores. Table 1 summarises the surveyed federations' principle scores by showing their corresponding labels.

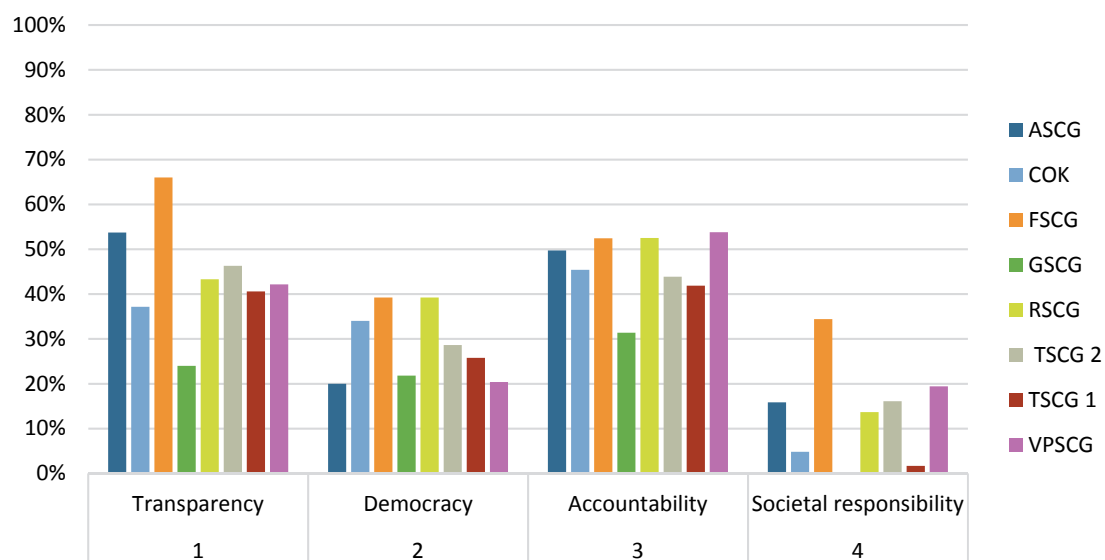
**Figure 1: Montenegro's overall NSGO index score**



**Figure 2: Montenegro's scores on the four NSGO dimensions**



**Figure 3: The surveyed Montenegrin sports federations' scores on the four NSGO dimensions**



See table 2 for the federations' full names.

**Table 1: The surveyed Montenegrin federations' scores on the 46 NSGO principles**

	Principle	ASCG	COK	FSCG	GSCG	RSCG	TSCG 2	TSCG 1	VPSCG
Transparency	1. Legal and policy documents								
	2. General assembly								
	3. Board decisions								
	4. Board members								
	5. Athletes and clubs								
	6. Annual report								
	7. Remuneration								
Democratic processes	8. Elections of board members								
	9. Policy for differentiated board								
	10. Nomination committee								
	11. Quorums								
	12. Term limits								
	13. Member representation								
	14. Regular board meetings								
	15. Athletes' participation								
	16. Referees' participation								
	17. Coaches' participation								
	18. Volunteers' participation								
	19. Employees' participation								
	20. Gender equality policy								
Internal accountability	21. Supervision of board								
	22. Board resignation procedures								
	23. Board eligibility rules								
	24. Clear governance structure								
	25. Supervision of management								
	26. Audit committee								
	27. Financial controls								
	28. Board self-evaluation								
	29. External audit								
	30. Code of conduct								
	31. Conflict of interest procedures								
	32. Complaint procedure								
	33. Appeal procedure								
	34. Board meeting schedule								
Societal responsibility	35. Governance consulting								
	36. Mitigating health risks								
	37. Combating sexual harassment								
	38. Anti-doping								
	39. Social inclusion								
	40. Anti-discrimination								
	41. Gender equality								
	42. Anti-match-fixing								
	43. Environmental sustainability								
	44. Dual careers								
	45. Sport for all								
	46. Athletes' rights								

Not relevant	Not fulfilled	Weak	Moderate	Good	Very good
	0-19 %	20-39 %	40-59 %	60-79 %	80-100 %

## Overview

This chapter will focus on Montenegro's sports movement, more specifically the umbrella federation – the Montenegrin Olympic Committee (MOC) – and the national federations for athletics, football gymnastics, handball, triathlon, tennis and water polo and swimming. Data was gathered from July 2017 until mid-April 2018.

The average NSGO index of Montenegro's sports movement is 33%, which constitutes a weak score. This chapter finds that even though the federations achieve moderate scores in transparency and accountability over all, there is a significant discrepancy among federations and, in certain areas, within each federation individually. New legislation (Law on Sport with appropriate by-laws) along with a four-year strategic document addressing major shortcomings in the area of governance and structure of Montenegro's sports movement, is expected to be introduced from the normative/policy level within the adoption of the new legislation on sport.

The chapter continues by discussing the background of good governance in Montenegro's sports system followed by normative and policy framework in the field of sport. The following section elaborates on the methods used for gathering and analysing data. The fourth section discusses the findings focusing on major strengths/weaknesses in regard to the four NSGO dimensions of good governance with concluding remarks on good governance for Montenegro's sports system.

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## Context

In the contemporary Montenegrin sports movement, the concept of good governance has not been given appropriate attention (Begović, 2018).<sup>34</sup> Based on the normative organisation of the sports system, the state exercises both a centralised and coercive role in the field of sport.

### Good governance culture

The concept of good governance has its historical roots within the sports system in Montenegro. During the period of socialism, public officials along with the workers organisations pushed for a more transparent and accountable environment within the sports structures (RSIZ, 1979). They recognised inconsistencies between internal regulations and the legal frameworks, limitations to the decision-making position for athletes, coaches, referees etc., as well as politically exposed individuals acting as sport decision-makers resulting in an excessive bureaucratisation of sports organisations. The conclusions pointed out the following anomalies:

- Nepotism/cronyism
- Inappropriate implementation of delegate systems
- Inability for athletes, coaches, referees etc. to associate
- Inadequate organisational culture.

Following noted critics, the Republic's self-managing communities of interest (RSIZ) within the Action plan for 1980, introduced a set of good governance principles in "Program of activities on implementation and improvement of collective work and responsibility of one-year presidential mandate". The document underlined core (binding) principles for the sports movement along with an additional set of principles for the organisation of sports competitions (RSIZ, 1980; SFKJ, 1980).

#### 1. Core principles:

- **Direct representation** – along with legal entities (sports organisation) enabling natural entities (athletes, coaches and referees) to take part in decision-making processes
- **Collegial system of governance** – executive power is vested within the executive board. The position of president rotates on a yearly basis
- **Term limits** – limited to one re-election
- **Transparency** – granting society full access to information about internal regulations, organisational structure (composition), minutes and conclusions of meetings and finance.

#### 2. Principles for the organisation of sports competitions:

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<sup>34</sup> Begović, M (2018). Analiza i smjernice za izradu savremenih propisa u oblasti sporta. Sport and Business. Faculty of Sport, University "Union – Nikola Tesla". ISSN 2335-0539. pp. 13-17.

- **Representation** – ensuring equal opportunities for all participants
- **Amateurism** – adhering to the principles of amateurism and implementing the provisions of the Social Agreement on the status and stimulation of top athletes in SFRJ
- **Compliance** – implementation of good governance principles and national legislation
- **Applicability** – implementation of international sporting rules
- **Consistency** – providing a dual-career system for athletes
- **Sustainability** – implementation of competition in a financially responsible manner.

Strong and sustainable societal dedication to the concept of good governance in Montenegro collapsed, as the country started to disintegrate in the 1990s, as political decision-makers quickly abandoned self-management principles. Constitutional principles of sport as a public good were neglected and changed into a more commercial view of athletes as entrepreneurs (Ministry of Culture and Sport, 1991). Even though this centralisation of policies still exists within the contemporary Montenegrin sports movement, the concept of good governance did not receive appropriate attention in neither policy making nor academia (Bjelica et al, 2009). Scientisation – technical/tactical improvement, nutritional/psychological/physiological intervention defined by Brohm (1978) – has been on the academic agenda in Montenegro (Gusic et al, 2017).

## Sports system

According to Andre-Noel Chaker's categorisation – the concept of the normative organisation of sport – the sports system in Montenegro is arranged as:

- *interventionist* – the structure/roles/responsibilities of the constituents of the sports movement are regulated within the Law on sport along with appropriate bylaws (Government of Montenegro, 2013)
- *centralised* – key legal basis for the planning and coordination of the public policies within the state administration is centralised within the competent state authority with responsibilities to determine scope, competences and jurisdiction for all constituents of the sports movement
- *consolidated* – based on the Article 63 of the Law on Sport, the Montenegrin Olympic Committee is recognised as an umbrella association of all the national sports federations.

The legislative orientation towards fundamental provisions presupposes sport as an activity of public interest:

- the promotion of sports development, in particular among children and youth
- the creation of conditions for the construction and maintenance of sports facilities
- the provision of conditions for training and competitions of athletes, sport, and recreational activities for children, youth and the general public

- the provision of conditions for organising international competitions
- awarding special attention to top-level and categorised athletes
- encouraging sport for all activities
- the creation of conditions for conducting extra-curricular sports activities for pupils and university students
- encouraging research, educational and professional work in the field of sport (art. 11).

## Governance-related sports policies

A major source for policies in the field of sport is set by the National Plan for Sport (NPRS) – a four-year strategic document adopted by the Government of Montenegro and proposed by the Directorate for Youth and Sport (DYS) in collaboration with local municipalities (Government of Montenegro, 2011).<sup>35</sup> Within the NPRS, achieving public interest presupposes both political and financial support. Public interest is defined as any material or nonmaterial interest for the good and prosperity of all citizens under equal conditions (Government of Montenegro, 2014). The NPRS defines the long-term objectives and priorities for the development of sport and determines the organisational, financial, administrative and other measures for the achievement thereof:

- The state of affairs in the field of sport
- The fundamental principles constituting the basis for development of sport in Montenegro
- Short-term, mid-term and long-term objectives of the development of sport, as well as the stakeholders responsible for the achievement of these objectives
- The content, extent and estimated value of activities required for the achievement of the planned sports development objectives
- The obligations and tasks of the bodies and organisations involved in the achievement of the sports development objectives
- The plan for construction of sports facilities.

The Law on Sport envisages the legal status of a sports organisation, its way of establishment and termination. The process of establishing a sports organisation, requires founder(s) to submit the founding act and appropriate statute, as well as evidence of the fulfilment of the conditions that are necessary for the operation of the organisation:

- The founding act
- The statutes
- The affiliated athletes
- The number of athletes involved depending on the type of activity
- Adequate space for administration, sports facilities and sports equipment
- An adequate internal organisation and financial resources

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<sup>35</sup> New governmental reorganisation requires the establishment by the ministry responsible for sport – Ministry for Sport.

- Proof that organisation is taking part in sports competitions
- The ensured safety of athletes and other participants in the performance of sports activities (art. 41).

The founding act must include the internal organisation of a sports organisation along with the stipulated rights and obligations of the founders and members of the sports organisation and the electoral procedure (art. 40), such as the registration procedures, method of keeping records and ex-officio delete sports organisation from the Register of Sports Organisations by the competent state authority (art. 43-44).

## Sports movement

Although the government exercises a centralised role in terms of policy making, the sports movement – the national sports federations and the Montenegrin Olympic Committee - is responsible for executing them. The structure of the sports system is characterised as bureaucratic based on the following parameters: (1) role of the public authorities; (2) level of coordination/engagement; (3) roles of the voluntary, public and private sectors; (4) adaptability of the system (VOCASPORT research group, 2004). In organisational terms, legislators recognised the NSFs as umbrella organisations in the pyramidal structure of clubs and municipal associations in charge of running all activities in specific sports. The NSFs are obliged to adopt appropriate internal regulations in coordination with its members, which:

- determine and organise the competition system
- register and keep records of the organisation's members, athletes and other sports professionals
- deposit contracts of athletes
- improve professional work and training of professionals, categorised and professional athletes
- ensure cooperation with authorities, organisations and institutions (art. 58).

The NSFs are bound to specific sports that have jurisdiction over implementing rules in accordance with international standards. The NSF is obliged to adopt and implement internal regulations, such as:

- rulebooks on the organisation of sports competitions
- rulebooks on athletes' transfer
- rulebooks on fight against doping
- rulebooks on licensing coaches
- rulebooks on licensing referees and delegates
- rulebooks on admission of the sports organisations
- rulebooks on measures to ensure safety of participants in sports competitions (art. 59).

The legislators adopted additional regulations in terms of performing mandatory medical examination for athletes – an athlete may participate in sports competitions only if he/she has passed specific medical tests (for particular sport) in a period no later than six months prior to the competition – unless otherwise defined by the competent federation (Government of Montenegro, 2015). However, stipulated provisions are not enforceable given the fact that there is no clearly defined institution(s) in charge for conducting sports specific medical tests. The Law pays special attention to the requirements for organisers of sports events, in order to ensure smooth and safe management and implementation. Application of this law is implemented with accompanying provisions from the Law on Public Assembly and the Law on Public Order and Peace (Government of Montenegro, 2005; Government of Montenegro, 2011). The legislators generate requirements for major sports events (events scheduled by the ISOs or the IOC), focusing on forming an initiative committee (for bidding process), a feasibility study, and the necessary consent form from the MOC and the Government via prepared opinion from the competent state authority in the field of sport based on the following criteria:

- A positive impact on the development of the particular sport
- An economic feasibility/justification
- Media attractiveness
- Impact on values of the particular sport
- Organisational and particular sports traditions in Montenegro.

## Funding

In the introductory part of the NPRS, the importance of systemic financing has been recognised. Specific focus is on improving the overall health of the population while enabling social integration. The document recognises the ‘combined model’ of financing sport, including public funds (state and local budgets), businesses and households. Within the state budget, 0.2% and 0.3% is dedicated to the needs of sport. The combined methods open a possibility for sports organisations (either from local or national level) to apply for funds from the state, local budgets and the Montenegrin Olympic Committee<sup>36</sup> with the same yearly programme. Neither the local level nor the MOC have adopted regulations specifying methods for allocating funds. At the state level, the DYS adopted the by-law for direct regulation of the financing model (Government of Montenegro, 2014). Every sports subject is eligible for funding (art. 2). Criteria, on the basis of which the distribution of funds to sports subjects are carried out, are:

- Sports that have been identified as a priority by a special act
- The contribution of the programme in the exercise of public interest in a particular field of sport
- Sport on the programme of the Olympic Games and the Paralympic Games
- Sports recognised by the International Olympic Committee (IOC), and not in the Olympic Games and the Paralympic Games
- Overall participation in particular sports

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<sup>36</sup> MOC funds are provided by the state.

- Participation in domestic and foreign competitions
- Achieved results in the previous year
- Representation of coaches and experts
- Sustainability of the sports subject (art. 7).

The contribution of the sports organisations' programmes in increasing public interest in a particular field of sport, referred to in Article 7, paragraph 1, indent 2, envisages orientation towards high performance sports – including: (1) development of the youth categories; (2) development of competitive system; (3) coaching education; (4) health protection of athletes. However, with the absence of quantifiable criteria, distribution of funds remains unclear. The funds were distributed with 70% to the projects of the NSF and 30% to other sports subjects such as clubs, local associations etc., for the annual needs of team competition and running the administrative staff. Little or no funds have been used or directed for development of youth sports programmes, education and health protection of athletes (Begovic and Kristicevic, 2017b). An additional source for public funds is allocation of the gambling revenue. In that respect, the government adopted appropriate legislation – the decision on the allocation of part of the gambling revenues foreseeing yearly public calls at the level of 60% of total revenues. For this purpose, the government appointed a Commission to determine beneficiaries and the manner of distribution (Government of Montenegro, 2011). This funding opportunity is dedicated for NGOs programmes and has little in connection to the sports policies.

## Methods

Methodology involves a historical analysis – as an introductory strategy for establishing a context along with analyses of secondary sources – legislation, policy papers and reports from both the governmental and non-governmental sector – in order to present the current normative and organisational structure of Montenegro's sports system.

For the purpose of the study, a sample of eight federations (including Montenegro's only umbrella federation – the Montenegrin Olympic Committee), was selected in accordance with the standardised NSGO methodology (see table 2). The sample comprises the five compulsory sports and their federations (athletics, football, handball, swimming, and tennis) and three recommended federations (gymnastics, triathlon, and the MOC). By the number of employees and staff, the sample is imbalanced, as it includes seven small federations and only one mid-size federation (FSCG). Data collection was conducted in accordance with the standardised NSGO data gathering process. Phase one (selecting and contacting) and phase two (data gathering and first preliminary scoring) were conducted in July 2017. Phase three (feedback), phase four (second preliminary scoring), phase five (final feedback), and phase six (final scoring) were conducted from August 2017 until end of October 2017. All phases were conducted by a single researcher with regular consultation with the lead researcher. The federations did not provide feedback, except acknowledging the process. Having said that, members of the federations' general assemblies and boards provided the necessary information. The federations' scores were aggregated on the basis of the standardised NSGO excel sheets. The indicators deemed not applicable correspond with the standard NSGO indicators not applicable for small and mid-size federations. In addition, in case of the MOC, principle 46 is not applicable due to the fact that it is under the competences of federations within particular sports to enable fair treatment of professional athletes.<sup>37</sup>

**Table 2: Sport, official name, and official acronym of sample federations**

Sport	Official name	Official acronym
Athletics	Atletski savez Crne Gore	ASCG
Gymnastics	Gimnastički savez Crne Gore	GSCG
Football	Fudbalski savez Crne Gore	FSCG
Handball	Rukometni savez Crne Gore	RSCG
Swimming	Vaterpolo i plivački savez Crne Gore	VPSCG
Tennis	Teniski savez Crne Gore	TSCG (1)
Triathlon	Triatlon savez Crne Gore	TSCG (2)
Umbrella federation	Crnogorski olimpijski komitet	COK

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<sup>37</sup> This indicator does not apply for federations responsible for gymnastics (with no professional athletes) and triathlon (newly formed federation).

## Results

The dashboard graphically summarised the results. It indicates the necessity of a more adequate normative framework, and that there is important work to do for Montenegro's sports movement when it comes implementation of good governance principles. It is not by accident that the dimensions of transparency and accountability received the highest scores – moderate – as the two dimensions reflect provisions stipulated within the Law on sport and other supportive legislative measures. The societal responsibility index score is 13%, the lowest of the four dimensions.

### Dimension 1: Transparency

Regarding transparency, researched federations showed moderate average scores. It could be determined that federations do make an effort to keep its internal stakeholders informed on decisions made by the decision-making bodies, i.e. the General Assembly and Executive Committee (Board).

- All of the federations publish their statutes, internal regulations (87.5%), and sports rules (87.5%) on their websites or sent through email.
- All of the federations provide the agenda of their general assembly meetings to their internal stakeholders via email or through a protected member section of the organisations' websites before the meetings take place.
- All of the federations provide public versions of the minutes from their board meetings from the past 12 months to its internal stakeholders via email.

All of the federations provided annual reports to their internal stakeholders via email. When it come to the particular aspects of the reporting, the federations have high scores.

- The annual reports contain lists of objectives and how they have been accomplished (100%), accounts of the federations' finances (100%), reports of the standing committees (100%) and report' on the organisations' of competitions (100%).

As noted, on a policy level, Montenegrin federations seem to be transparent with regard to its internal stakeholders – predominantly local sports organisations (clubs). On the other hand, the federations lag behind when it comes certain other aspects of transparency.

- 12.5% of the federations provide biographical information about individual board members, including their professional background, and timeframe of the mandate of each member.
- None of the federations publish their latest annual report on its website.
- None of the federations publish the statement/report on remuneration or remuneration policy.

With the latter in mind, failing to provide a declaration of interest or decisions in which conflicts of interest were involved represents a set-back.



- None of federations comply with the above indicator.
- None of federations explore risks associated with the organisation or how it aims to control these risks.

## Dimension 2: Democratic processes

It could be concluded that the federations receive a solid score when it comes to implementing regulatory (mostly foreseen by statutes) provisions.

- All of the federations have written rules and procedures for the (re-)appointment of board members.
- All of the federations have written rules to ensure that the general assembly directly elects the majority of the members of the board.
- All of the federations establish a quorum of at least 50% for board meetings.

In terms of procedures to organise and hold meetings of the decision-making bodies, the federations' internal regulations foresee adequate provisions.

- All of the federations' statutes establish that the general assembly meets once a year.
- All of the federations' internal regulations establish procedures that makes it possible to convene emergency and extraordinary meetings.
- All of the federations' internal regulations establish procedures for the adoption of decisions.

There are aspects in which federations should improve their governance in order to enable implementation of democratic principles – for example regarding representations, which is a key element of democracy.

- 25% of the federations have athletes formally represented within the organisation.
- None of the federations formally involve athletes in their policy processes.
- 12.5% of the federations adopt its multi-annual policy plan in consultation with coaches.

The absence of major stakeholders, i.e. athletes and coaches, in decision-making processes limits developing policies, activities and measures. It is likely to lead to the more structural conflicts between the federations' main constituents. Furthermore, in terms of board composition, gender equality policies and term limits, the federations score very low. Results correspond with the research on gender and sports in Montenegro (Cooky et al, 2014), signalling that out of 1093 managing positions across major federations, only 104 (9.5%) were women.

- None of the federations' boards have a document establishing the desired profile.

- None of federations have a formal policy that outlines objectives and specific actions aimed at encouraging the equal access to representation for women and men in decision-making bodies.
- None of the federations have statutory provisions to establish term limits for board members.

### Dimension 3: Internal accountability and control

On the dimension of internal accountability and control, the federations' scores are similar to the scores on transparency. Due to the higher control exercised by the competent state authority, federations are forced to comply with legislative provisions.

- All of the federations have statutes establishing that the general assembly approves the annual financial statements.
- All of the federations' statutes/internal regulations establish that the general assembly must approve the annual policy plan proposed by the board.
- 87.5% of the national sports federations' statutes establish an independent financial or audit committee whose members are appointed by the general assembly.

In addition, when it comes to the principle of separation of power, the legislator foresees *ius cogens* provisions, which are implemented.

- All of the federations' statutes define key positions of the main bodies/positions, e.g. president, general secretary, general assembly or board.
- With the latter in mind, statutes establish that the general assembly determines the federation's mission, vision and goals.
- All of the federations' boards evaluate its own composition and performance annually.
- 75% of the federations' statutes define composition of each standing committee.

However, this dimension discloses inadequate organisational structures and policies when it comes to conflicts of interest and stakeholders' imbalances/parity.

- 12.5% of the federations' general assemblies approved multi-annual policy plans.
- None of the federations' statutes or internal regulations ensure that board members do not have voting rights in the general assembly.
- None of the federations' statutes define circumstances in which, due to a serious conflict of interest, a person is ineligible to serve as a member of the decision-making body.
- None of the federations have a code of conduct that applies to general assembly members, board members or staff.
- None of the federations have a code of conduct for board members that contains rules on conflicts of interest.
- None of the federations' internal regulations foresee procedures to file an anonymous complaint/procedure to choose arbitrator in arbitration proceedings.

## Dimension 4: Societal responsibility

Not surprisingly, the federations' scores are very low in the fourth dimension – societal responsibility. However, there are areas in which federations do achieve solid scores.

- 50% of the federations have a formal policy that outlines objectives and specific actions aimed at mitigating the health risks of sporting activities.
- 71% of federations have a designated staff member who formally acts as a focal point for all matters regarding the health risks of sporting activities.
- 80% of the national sports federations implement the use of minimum requirements of standard athlete contracts.<sup>38</sup>
- 75% of the federations undertake actions aimed at promoting social dialogue (between athletes and clubs).

It is particularly worrying that the federations do not address key issues with regards to the governance of federations affecting primarily athletes, but also the general population and local communities.

- None of the federations implement policies on promoting the dual career of athletes.
- None of the federations have a formal policy that outlines objectives and specific actions aimed at combating discrimination in sport.
- None of the federations have implemented a policy on social inclusion through sport.
- None of the federations have implemented a policy combating sexual harassment in sport.
- None of the federations undertake actions aimed at promoting environmental sustainability.

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<sup>38</sup> For three federations this indicator does not apply due to the organisational nature.

## Discussion and policy implications

As noted in introduction, the Montenegrin score on the NSGO index is 33%, which indicates that there is a long process ahead. Given the socio-political environment and strategic orientation towards the EU, it is important to understand the impact of this process and its consequences on the field of sport, constitutionally recognised as an activity of public interest. Results showed that federations achieved moderate scores in the dimensions of transparency and accountability, while the results show significant shortcomings in regards to democracy and societal responsibility.

**Transparency:** Most of the federations publish their statutes and internal regulations including sports rules. Although it meets formal requirements, reporting should include information about decision-makers, remuneration, declarations of conflicts of interest and risk assessments.

**Democratic processes:** The federations have implemented regulatory provisions enabling minimum democratic conditions regarding the electoral procedures. Further, the federations have established adequate internal procedures. The inability for primarily athletes and coaches to be directly represented and to take part in decision-making processes, significantly derogates democratic capacities. In addition, there is a deficiency in limiting terms of office and implementing gender equality policies.

**Internal accountability and control:** Most of the federations adopt mechanism to supervise board decisions regarding the annual policy plan, financial statements, and appropriate financial and audit control or committee. Regarding separation of power, the federations' statutes/internal regulations define key positions and composition of the main bodies and standing committees, while the board regularly self-evaluate its composition and performance. In practical terms, there is noted a lack of strategic and long-term planning within general assemblies along with deficiencies in exercising competences stipulated by the statutes. Furthermore, the federations are not prepared to tackle corruption or to recognise conflicts of interest institutionally. Most of the federations' decision-making bodies include active politicians or public officials. In respect to the disciplinary and arbitral proceedings, federations need to enable application of the principle equality of arms. Noted constellation remains an issue of concern.

**Societal responsibility:** Although the federations are moderately prepared for implementing principles in this dimension, there is a need to improve scope and quality to reduce shortcomings. In terms of health protection and fair treatment of the athletes, the federations achieve moderate scores. However, the federations score negatively in relation to promotion of a dual-career system, implementing anti-doping policies, combating discrimination in and through sport, combating sexual harassment and gender-based-violence in and through sport, and lastly promoting environmental sustainability.

## Concluding remarks

Within the normative and policy level, a major weakness of the vertical strategic planning is the absence of a long-term systemic approach in the process of implementation of measures/activities in the field of sport. This constellation resulted in the fact that only one federation adopted multi-annual policy plans.

At the decision-making level, the incompatibility of combining a public function (a representative of public/local authorities or a political organisation) with a role in a sports organisation by applying internationally binding norms is highlighted and represents a burden towards implementation of good governance principles. In Montenegro not only is this practice promoted – the regulations of the state of Montenegro enables representatives of political parties, as well as representatives of public authorities, to be in key positions in the governing structures of sports organisations<sup>39</sup>. Art. 12 of the Anti-Corruption Law and art. 76 of the Law on Civil Servants and State Employees both enable that public officials could be elected and act as a member/president of a governing board or internal audit body of a sports organisation (Government of Montenegro, 2014; Government of Montenegro, 2014). As a direct consequence, political representatives, most often from the governmental level, are dominantly represented on governing boards and internal audit bodies of federations. In addition, sports organisations (including federations) are not registered under the Law on NGOs or Law on Companies, and this normative solution creates a unique environment where sport is not a subject of control by judiciary or inspection authorities. However, due to the establishment of the Ministry for Sport, it is expected that new legislation will enter into force (Law on Sport with appropriate by-laws) along with the 4-year strategic document that should address major shortcomings in the area of governance and the organisational structure of Montenegro's sports movement.

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<sup>39</sup> Criminal Law Convention on Corruption, 1999, ETS 173; Additional Protocol to the Criminal Law Convention on Corruption, 2003, CETS 191; Civil Law Convention on Corruption, 1999, ETS 174.

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Play the Game