

ORIGINAL RESEARCH PAPER

## FINANCING MODEL FOR THE DEVELOPMENT OF LATVIAN ATHLETES

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### Abstract

*The organization of Latvian sports has come a long way since its foundation in the period of independence between the first and second World Wars. The following situation has developed in the organisational structure in sport in Latvia, individual sports and training expenses for individuals in these disciplines are financed by the state, whereas, team sports depend on funding provided by local governments, private sponsors and contributors. Subsidies to enable the participation of national teams in international games are allocated from the state budget, but there is no support system for the best representatives of team sports in order to develop their individual skill, as with individual disciplines. A support system for team athletes can facilitate success of a particular kind of sport at an international level. The youth sports system is mainly based on sports schools, which are maintained by local governments and are developing the most talented future athletes. The necessity for the establishment of specialized boarding schools, to bring together the best representatives in each kind of sport, in each age group nationwide, as well as the best professional coaches, is being frequently accentuated. Deficiencies in the public system can be remedied by attracting private capital investors. Organizations operating under the aegis of the Ministry of Education and Science have developed criteria for the allocation of funding to provide training for athletes. The respective allocated funding is intended just for the improvement of the individual skills of athletes. Due to the current economic situation, it is obvious that funding is insufficient to achieve all goals.*

**Key words:** *Sport in Latvia. Finance for sport. Sport system. Division of support for athletes. Youth development system. Financing criteria. Financing of individual sports and sports organizations.*

## **Introduction**

The division of funding allocated for sport directly impacts on the development of sport nationwide. The planning of funding is topical in every state looking after the social welfare and health of residents. Sport organizations activities in Latvia are directly or indirectly the responsibility of the Ministry of Education and Science. Sport in Latvia is regulated by the Sports Law, the purpose of which is to specify the general and legal basis for sport organisation and development, as well as the general organizational structure of sport nationwide and the mutual relationship of sports organisations, State and local government institutions and basic tasks in sports development. Public funds for sport are allocated in accordance with the annual law of the State budget. Within the budget the finance for 'High Class Achievement in Sport' is specified to always be no less than in the previous year (Sports Law, 2002). Funds allocated for sport also include the financial resources allocated by local governments, legal entities and individuals, sports organizations and allocations by international sport federations. Without greater finance and the resulting improvement in the training process from the age of 14, it is not possible to develop a skilled sports person in team sports, in the highly competitive world of sport. At the same time, taking into consideration the objective limitations of the State Budget, it is impossible to expect State funding for all youth development programmes of high achievement sports and for the preparation of world level professionals for adult sports.

The problem researched within this article is related to the financing model of Latvian athletes, and the summarization of the deficiencies of this model has been performed therein. The goals of the research are: The summarization of the entire funding allocation system to sport by the State, as well as the way these funds go to the best athletes. Clarification of the necessary criteria for acquiring public funds, as well as displaying the lack of State funding for the development of sport nationwide, paying particular attention to high achievement orientated sports.

Several tasks were set to achieve these goals:

- Research of the structure of the sport sector created by the Ministry of Education and Science.
- Determining the role of the most important sport organizations and mutual cooperation in the development of sport and division of funding.

- Assessment of the state budget of Latvia for the sport sector 2015 and the major organizations providing consultations in the budgeting process.
- Research of the impact of the Sports Law of Latvia on the sport sector nationwide.
- Summarization of the allocated state funding to the best athletes individually, as well as acceptance criteria.
- Detection of the deficiencies of financing from the State budget and factors affected by the insufficiency of financial resources for sport in Latvia.
- Development of the proposals for the minimization of financing deficiencies.

*Procedures for the financing of sports in Latvia*

This article includes a summary of the financing of Latvian sport organizations, as well as the amount of funds for individual athletes and the acquirement opportunities thereof. Quantitative research methods and content analysis of the division of sport financing in Latvia are applied (Krippendorff, 2004).

The Ministry of Education and Science performs functions of public administration in the sport sector and has created a sport section. (SportsLaw, 2002) The above mentioned sectioned structure shows the responsibility and mutual cooperation within the sectioned organizations, as well as the division of funding among organizations. The structure of the sector shows how the Ministry of Education and Science governs the sector and provides coherence between the sectioned organizations and the division of funding. Funding for the organizations of the sport sector is allocated both directly from the State budget, and from the budget of local governments. The structure created by the Ministry of Education and Science includes the widest range of sport organizations, as well as institutions of sport education, various organizations governing the sport sector and sport federations, and the State sport medicine centre (Ministry of Education and Science) (fig. 1).

The National Sports Council of Latvia plays an important role in the organization of sport events nation wide. The National Sports Council is a non-governmental, consultative organization, which participates in the development process of the national sport policy, facilitates the development of sport and cooperation, as well as decision making on matters related to sport (Regulation of the National Sports Council of Latvia). The National Sports Council of Latvia is approved by Cabinet of Ministers.

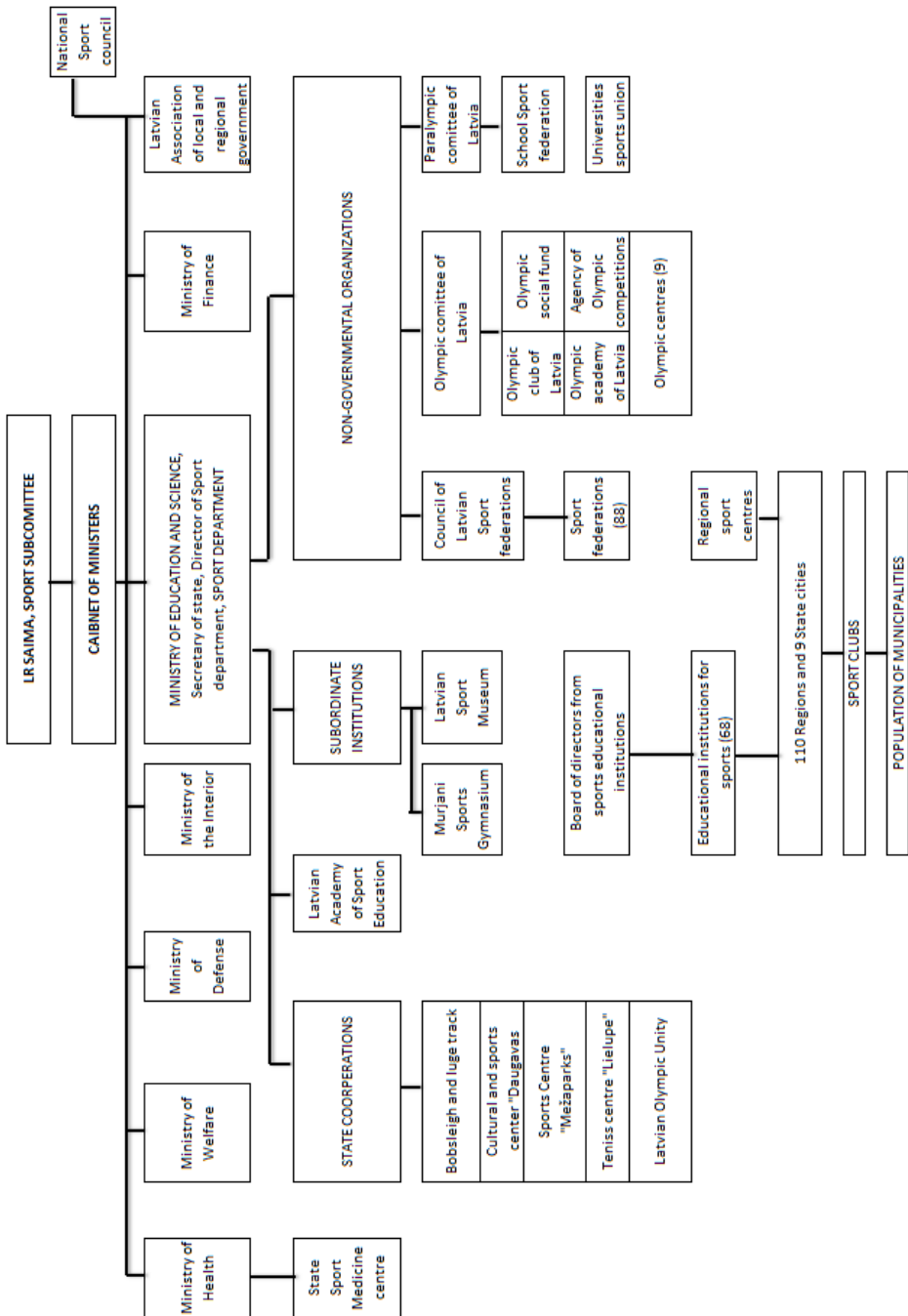


Figure 1. Structure of sports sector (Ministry of Education and Science)

The National Sports Council of Latvia can be considered the main and most worthwhile organization in the sport sector, which is responsible for the division of funds between the structural units of the sport sector (Sports Law, 2002).

The tasks of the Latvian Olympic Unit include the organization and financial support of the best Latvian athletes with the purpose to improve the quality of training. The Olympic Unit supports athletes to facilitate achievement of high class results in official international competition. This year the Olympic Unit has allocated the funding for the training of 103 representatives of individual summer sports and 47 representatives of individual winter sports. (Latvian Olympic Unit)

One of the most important non-governmental organizations is the society "Latvian Olympic Committee". The Sports Law dictates that the Latvian Olympic Committee directs and coordinates the Olympic movement within the state. The society "Latvian Olympic Committee" implements several programmes through the cooperation of public and municipal funds, as well as financial resources of its own, including the programme of Olympic education, the youth programme of Olympic movement, the programme for regional education of Olympic movement, the programme for general development of sports, as well as the programme for participation of the State's best athletes in the Olympic Games, Youth Olympic Games and other international and regional complex competitions (Sports Law, 2002).

Similar to the Latvian Olympic Committee, another non-governmental organization playing an important role in the sport sector nationwide is the society "Sports Federations Council of Latvia". The "Sports Federations Council of Latvia" is an independent union of 88 sports federations of the sport sector recognized in accordance with the procedures set by the regulatory enactments, which, in accordance with the Sports Law, represents and implements common interests of these federations (Sports Federations Council of Latvia).

30 million and 447 thousand Euro in total was allocated to sport in Latvia from the State budget in 2015, and this amount was divided between all parts of the structure of the sport sector. 5 million and 491 thousand Euro was allocated to high-class achievement sports (State Budget, 2015) (tab.1).

Funds are also divided between structural units of the sector, organizations and sport buildings, which have been given importance on a national sport basis, or financial resources are allocated specifically for the design of sports buildings.

**Table 1**

Budget of the most important organizations of sports sector in Latvia

Government funding for sport	€ 30 447 916
State Sport Medicine Centre	€ 100 600
Bobsleigh and luge track	€ 320 425
Culture and sport centre “Daugavas stadium”	€ 240 000
Sport centre “Mežaparks”	€ 45 352
Tennis centre “Lielupe”	€ 50 000
Latvian Olympic unit	€ 2 142 903
Latvian Academy of Sport Education	€ 2 700 000
Murjanu Sport gymnasium	€ 4 417 000
Sport museum of Latvia	€ 81 245
Council of Sport federations	€ 2 684 054
Olympic committee of Latvia	€ 4 958 026
Latvian Olympic club	€ 10 000
Latvian Olympic academy	€ 16 000
Olympic social club	€ 1 750 000
Latvian Paralympic committee	€ 250 000

Many of the abovementioned organizations have been established in accordance with the national “Sports Law”. The “Sports Law” indicates basic principles and purposes of many organizations, as well as the division of funding within the sector. The law provides the basis and principles of the financing of sport with the involvement in the international sports movement. The Sports Law forms the base of all actions within the sport sector of Latvia, and it also plays an important role for the development of the sport sector. It regulates organizational processes and provides successful cooperation of the organizations within the sport sector aimed at the achievement of goals. The basic principles defined by the Sports Law, to be followed within the sports sector and governing all the sports related organizations, are – the principle of equality, the principle of fair play and the principle of safety (Sports Law, 2002).

#### *Funding of Latvian athletes*

Individual sports are not directly financed from the State budget. The funding reaches them via the Latvian Olympic Unit; Latvian Olympic Committee. However, there is an opportunity to receive state grants for the organization of various separate sports events or sports projects.

One of the most important supporters of individual sports operating under the patronage of the state administration is the “Latvian Olympic Committee”. For example, the Olympic Committee has allocated 160

thousand Euro for the programme “TOP 50”. The top 50 sportsmen and women of individual sports in Latvia, who have won prizes in European and World championships. In 2015, the Latvian Olympic Committee allocated funding to the amount of 599 thousand Euros for the federations and unions of individual sports, as well as an additional 554 thousand Euro as the financial reference for federations and unions of individual sports. The amount allocated for individual sports accounts for more than one fifth of all expenses of the Latvian Olympic Committee. The remaining financial resources are spent for the maintenance and participation in the Olympic Games (Latvian Olympic Committee).

As mentioned before, the Olympic Unit supports 108 athletes representing individual summer sports. 48 athletes acquiring funding from eight thousand to 15 thousand Euro each are included in the principal team of Latvian Olympic Unit, thus, the total expense accounts for 189 750 thousand Euro. The funding of training expenses of the principal team of the Latvian Olympic Unit mostly covers athletes representing track and field events. The largest amount of funds was received by the representatives of wrestling Anastasija Grigorjeva and Laura Skujiņa, 14 200 Euro. A nearly equal amount was received by Māris Štrombergs, the Olympic champion in BMX cycling – 14 050 Euro (Latvian Olympic Unit).

In the Latvian Olympic body, a unit of future core participants has been created – the Youth team. 37 athletes have been included in the Youth team; however, the team is still incomplete, because participants named by several sport federations have yet to be included (Latvian Olympic Unit).

In regards to the Youth team of individual summer sports within Latvian Olympic Unit – the total funding of 82 800 Euro has been allocated for the athletes, an individual’s funding varies from 400 to 2800 Euro. Unlike the principal team, domination in one particular sport is not typical in the Youth team; however, there is a similar factor – the highest amount of funds is allocated to wrestlers (Latvian Olympic Unit).

The Olympic Unit has composed a reserve team consisting of 18 athletes preparing for competition, and the Latvian Olympic Unit finances the training. The reserve team will replace athletes from the principal team, who are unable to participate in a competition due to various reasons. The total funding for the reserve team accounts for 12 600 Euro. The funding relating to summer sports for the principal team, youth team and reserve team accounts for 285 150 Euro in total (Latvian Olympic Unit).

As with the athletes of summer sports, the Latvian Olympic Unit supports also the ones of individual winter sports. The unit has also composed a reserve team, which has to be supported during the preparation

for the competition of winter sports. 37 athletes are included in the principal team, while the reserve team consists of 10 athletes (Latvian Olympic Unit).

The total training expenses of the winter sports principal team accounts for 363 825 Euro. The majority of the funds were allocated to the bobs ledders Oskars Melbārdis and Daumants Dreiškens, to the amount of 16 750 Euro (Latvian Olympic Unit). The smallest amount of funds was allocated to snowboard athletes. It is interesting that total amount of funds of the principal team is higher in comparison with the summer team.

The Latvian Olympic Unit has established the selection criteria in the individual summer and winter sports for the Olympic disciplines, by awarding points for each achievement. In the summer sports, points are awarded for being amongst the sixteen of the best athletes of Olympic Games and World Championships. Whereas, to be awarded with criteria points if participating in the European championships athletes must be amongst the best twelve athletes. In the overall score of the World Cup or World Rank, the athlete must be in the top ten. Points are also awarded for being in the top three of the World Cup or World Youth Championship or European Youth Championship (age up to 23). If the athlete takes 4<sup>th</sup> to 6<sup>th</sup> position in the abovementioned championships, this provides opportunities for the athlete to receive points for entering the youth team. Similarly, as with the principal team, points are awarded also to the youth team. Taking the 1st-6<sup>th</sup> position in the World Championship and the European Youth Championship, as well as the World Youth Olympic Games athletes aged 16 – 18 should be awarded points for inclusion in the youth team. As previously mentioned, federations also assign athletes, to be included in the youth team. (Latvian Olympic Unit)

A similar system is also operated for the selection criteria of individuals in winter sports. The 1st-16<sup>th</sup> position must be taken in the Olympic Games and the World Championships or the 1st-12<sup>th</sup> position in the European Championships. The 1st-10<sup>th</sup> position is required in the overall score of the World Cup. The Pedestal of Honour in the stages of the World Cup complies with the criteria, as well as 1st-3<sup>rd</sup> position in the overall score of the European Cup. The rules for meeting the criteria within the Youth team to enter the team of Latvian Olympic Unit are the same as for summer sports (Latvian Olympic Unit).

The Latvian Olympic Unit has developed a methodology for the calculation of funds and premiums for the unit's training, assigning a certain value to each achievement, the value is compared accordingly to the amount of money the athlete receives to provide his/her activities



The methodology for the calculation of funds and premiums for the training explains precisely the amount of funds allocated to each athlete. Table 2 reflects the achievements, resulting in certain funding for training.

**Table 2**

Calculation of funding for training

stuff type	criterion		base amount	amount for	estimated
	competition	place		place	total
base stuff	Olympic Games	1	€ 13 600	€ 900	€ 14 500
		2		€ 750	€ 14 350
		3		€ 600	€ 14 200
		4		€ 450	€ 14 050
		5		€ 300	€ 13 900
		6		€ 150	€ 13 750
		7 - 8		€ -	€ 13 600
	World Championship	1	€ 11 200	€ 900	€ 14 500
		2		€ 750	€ 14 350
		3		€ 600	€ 14 200
		4		€ 450	€ 14 050
		5		€ 300	€ 13 900
		6		€ 150	€ 13 750
		7-8		€ -	€ 13 600
	European Championship	1	€ 11 200	€ 450	€ 14 050
		2		€ 300	€ 11 500
		3		€ 150	€ 11 350
	World Cup	1	€ 8 000	€ 300	€ 11 500
		2		€ 200	€ 11 400
		3		€ 100	€ 11 300
	Olympic Games	9	€ 8 000	€ 300	€ 8 300
		10		€ 150	€ 8 150
		11-12		€ -	€ 8 000
	World Championship	9	€ 8 000	€ 300	€ 8 300
		10		€ 150	€ 8 150
		11-12		€ -	€ 8 000
	European Championship	4	€ 8 000	€ 450	€ 8 450
		5		€ 300	€ 8 300
6		€ 150		€ 8 150	
World Cup	1	€ 8 000	€ -	€ 8 000	
WCh U23	1		€ 150	€ 8 150	
ECh U23	1		€ 150	€ 8 150	
OG	13-16	€ 5 600	€ -	€ 5 600	
WCh	13-16		€ -	€ 5 600	
Ech	7-8		€ -	€ 5 600	
W Cup	7-10		€ -	€ 5 600	
W Ch U23	2-3		€ -	€ 5 600	
E Ch U23	2-3		€ -	€ 5 600	
E Ch	9-12		€ 3 200	€ -	€ 5 600

As mentioned before, the highest valued criteria for becoming a member of the teams of the Latvian Olympic Unit include successful participation in the Olympic Games and World Championships. Each success in the abovementioned competitions results in funding of a corresponding amount. For example, fourth position in the Olympic Games means an award of 14 050 Euro.

State support for individual sports is mainly provided by Latvian Olympic Unit. The Latvian Olympic Unit directly finances the training of athletes representing individual sports and helps in their development. 655 975 Euro have been allocated for the support of individual sports athletes included in the team of Latvian Olympic Unit. Whereas, funding of the budget programme Olympic Preparation Programme of Latvian Olympic Committee, reached 1 154 360 Euro, including the funding for the sub-programme of individual sports/federations to the amount of 599 960 Euro and the financial reference for the individual sports federations/unions (28 x 19800 EUR) – 554 400 Euro.

The total amount of funding to athletes representing individual sports from the public funds accounts for 1 million 810 thousand and 335 Euro. Funding is the main state support for the improvement of skills of the athletes and the basis for the opportunity to represent our state internationally (On the State Budget, 2015).

Funds paid by local governments and donations and contributions of separate organizations must be added to the funding of individual sports, for example, the SIA “Arčers” supports the Latvian Bobsleigh and Skeleton Federation with the funds directly reaching individual athletes.

Murjāņu Sports Gymnasium should also be considered a supporter of individual sports: athletes in individual sports are enrolled and a support system for individual sports has been developed there. Murjāņu Sports Gymnasium prepares the best new athletes of individual sports in Latvia, for example, in track and field events and rowing.

## Conclusions

Sport in Latvia is widely represented in a variety of sports. The residents of Latvia have been given an opportunity to be involved in sport life to the corresponding levels of championship. One of the main goals of Latvian sports organizations, in high achievement sports, is the provision of conditions as good as possible for the achievement of maximum results in the Olympic disciplines. 88 sports federations in total have been founded in Latvia, and they cooperate both mutually and with state institutions.

- The structure of the sport sector created by the Ministry of Education and Science includes all the public sports organizations. The

Ministry of Education and Science is the main governing institution of the sports sector in Latvia. Sport organizations nation wide are related in their activities with other public sport organizations.

- The National Sports Council of Latvia is the most influential organization in terms of the division of funds. The National Sports Council of Latvia plays an important role in the planning of the State budget regarding the funding intended for sport. For the successful organization of sport life, sport organizations significantly depend on other sport organizations within the state, and they largely mutually cooperate.
- In creating a sport life in the state, the Ministry of Education and Science works within the parameters of the law or ‘Sports Law’. The ‘Sports Law’ controls the sport organizations activities and how funding is divided.
- Organizations in the sport sector have developed criteria for the allocation of funds linked to results in adult and youth championships. Athletes can apply for public funds if they meet the criteria, to provide preparation for competitions.
- Due to deficiencies in the structure of the State budget funding, the following situation has arisen: In Latvia public funds are allocated for the training process of the athletes representing individual sports only if the athlete has met the selection criteria. High-class individual athletes have the opportunity to improve the level of their sport excellence using public funds allocated for the training process. In comparison, for the representatives of team sports, including members of national adult teams, acquirement of public support for individual training to provide individual growth is practically impossible. The matter regarding opportunities of how to improve the level of sport excellence is of particular importance for the athletes, who have achieved good results within national youth teams – for they have not started their own professional careers, therefore the training must be financed from their own funds.

Upon summarization of the collected information on the allocated funding for the athletes in Latvia, one can come to the conclusion that public support has been allocated to individual sports, especially in regard of adult athletes. Due to objective considerations, funding from the State budget cannot be allocated to all athletes, and it would be especially hard to assess and allocate it in the context of representatives of team sports.

### *Proposals*

In securing a high level training process for athletes of team sports, especially the youth, the State sport community would gain strong representatives internationally, which would increase team sport achievement in international competitions.

Following the conclusion that the State opportunities in the financing of athletes are very limited, the lack of public funding can be compensated by attracting private funding. Since the majority of the representatives of team sports receive remuneration from the represented teams, a system for the attraction of private investors aimed at the development of sports must be established nationwide. A private investor, who has invested in the development of sports and athletes, would gain benefit proportionally to the investments and achieved results.

The investment of private funds in athletes is being widely practiced abroad, and the Latvian sports sector can learn from foreign examples (Forbes, 2012).

Compensating the lack of public funds with private funds could lead to further development of the sports sector in general, both in terms of individual and team sports, because private investors would opt to invest in athletes, who are currently not able to meet the criteria set by public organizations, as well as in the representatives of team sports, thus filling the lack of public funding and enhancing the success of sport nationwide. Private investors must be attracted for the kinds of sports which are important at national level, for the development of sports sector in general.

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