

Sports Club Financing Sources and Financial Challenges A Comparative Case Study Between an Algerian Club and a European Club: CR Belouizdad and Legia Warszawa as Models

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Abstract

This study examines the issue of financing professional football clubs and the financial challenges they face, through a comparative reading of two models that both belong to the category of relatively medium-sized clubs at the continental level — deliberately avoiding a comparison of the Algerian club with one of the world's giant clubs. The Algerian club “CR Belouizdad” represents a financing pattern based on public-institution support, while the Polish club “Legia Warszawa” represents a European club with institutional roots that, in principle, are similar, having originated under the Polish army, but which over time moved toward a relative diversification of its funding sources within the limits of mid-tier European league economics. The study concludes that the fundamental difference between the two models lies not merely in the size of resources, but in the degree of diversification of funding sources and the transparency of financial disclosure about them — which directly affects the ability to withstand financial crises and to ensure long-term continuity.

Keywords: sports financing; professional clubs; financial challenges; sports sponsorship; media rights; CR Belouizdad; Legia Warszawa.

Introduction

Sporting globalization and the shift toward full professionalism have forced football clubs to radically rethink the structure of their financial resources, after these resources had historically been limited to membership subscriptions, ticket revenue, and local-authority support. Major European clubs have turned into complex economic entities managed according to a for-profit business logic, while many clubs in developing countries, including Algeria, still oscillate between a semi-administrative financing pattern based on public support and faltering attempts at genuine resource diversification.

This issue takes on particular importance in the Algerian context, where most First Professional League clubs still rely almost entirely on contributions from public companies and institutions a dependence that exposes them to the vagaries of political and economic decision-making and denies them the margin of financial independence enjoyed by European clubs. Hence the importance of comparing two geographically distant models that are,

however, closer in relative size than a first impression might suggest: the Algerian club CR Belouizdad and the Polish club Legia Warszawa, as two cases illustrative of two different paths for managing sports financing.

This study seeks to answer the following question: to what extent does the structure of funding sources differ between the Algerian club and the European club, and what effect does this have on the nature of the financial challenges each faces? The study proceeds from the theoretical framework of the global evolution of sports-club financing models, before moving to an analysis of the two cases, followed by a comparative applied section, an analytical reading, and concluding recommendations.

This study relies on the descriptive-analytical method based on a comparative case-study approach, through documentary content analysis of available secondary sources: the “Financial Ekstraklasa” report issued by Grant Thornton in partnership with the Polish professional league¹, previous Algerian academic studies on the financing of professional sports clubs, in addition to press sources specialized in covering Algerian and Polish sporting affairs. The cases of CR Belouizdad and Legia Warszawa were chosen purposively, with care taken to avoid comparing the Algerian club with one of the world's giant clubs such as Real Madrid, in order to avoid a methodological bias that might arise from comparing a club of medium resources with a club at the absolute peak of the global football economic pyramid. Instead, a European club closer in relative size and institutional roots was chosen — Legia Warszawa, historically descended from a military club affiliated with the Polish army — allowing for a more methodologically balanced comparison between two financing patterns without disregarding the real difference in size between them.

I. Theoretical Framework for Sports Club Financing

1. The Concept of Sports Financing

Sports financing refers to the set of operations and mechanisms that allow sports bodies and clubs to obtain the financial resources needed to cover their operating and investment expenditures, whether through their own resources or by resorting to external parties. Under the requirements of sporting professionalism, the search for these resources becomes a central issue no less important than the purely technical or sporting aspect — indeed it directly governs it, since the absence of sufficient and stable financing negatively affects the stability of the team and the continuity of its sporting project.

Sports club funding sources are generally classified into internal (own) sources — including member and affiliate subscriptions, ticket revenue, and ancillary activities — and external sources, including government and local support, sponsorship and advertising contracts, television broadcasting rights, and commercial and marketing revenues, in addition to player buying and selling operations, which often constitute an exceptional resource that cannot be relied upon in long-term financial planning.

2. The Global Evolution of Financing Models

The economic literature on sport indicates that European clubs have historically passed through two major phases in the structure of their financing. The first phase, which lasted until the 1980s, was known as the “fans, support, and local sponsorship” model, in which ticket

¹Inside World Football. (2025, October 6). Poland's Ekstraklasa clubs hit near €300m revenue mark, finds audit — based on the “Financial Ekstraklasa” report issued by Grant Thornton.

revenue, municipal support, and sponsorship from industrial institutions geographically close to the club formed the backbone of its resources. The second phase, which began with the development of television broadcasting and the rise of sporting globalization in the 1990s, produced a new model more open to global markets, in which broadcasting rights, commercial partnerships, marketing, and capital markets play the central role in financing major clubs. This shift was accompanied by a radical change in expenditure structure as well, as the wage bill came to absorb the largest share of club budgets — making the balance between diverse resources and rising expenditures a continuous challenge even for clubs that achieved wide diversification in their funding sources.

3. The Legal and Institutional Framework for Financing Sport in Algeria

The Algerian legislator has attempted to keep pace with the requirements of sporting professionalism through a series of legal and regulatory texts, most notably Law No. 05-13 on the organization, development and promotion of physical and sports activities, which opened the door to the idea of investment in the sports sector and the marketing of its products, in addition to Executive Decree No. 06-263 on the establishment of sports clubs in the form of joint-stock sports companies (SSPA)², with the aim of subjecting club management to the logic of a commercial company rather than a voluntary association. However, the actual implementation of this framework ran up against the reality that public economic institutions remained the majority shareholder in the capital of most of these sports companies — emptying the idea of a genuine shift toward investment-based professionalism of its practical substance, and keeping the clubs hostage to the decision of the single public shareholder rather than opening them up to multiple private-sector shareholders.

II. The Reality of Financing Professional Algerian Clubs — CR Belouizdad as a Model

1. Club Profile

CR Belouizdad is one of the most storied sports clubs in Algeria, founded in the capital, Algiers, in the early 1960s, and converted — with Algeria's entry into the era of sporting professionalism — into a joint-stock sports company (SSPA), like the rest of the First Professional League clubs. In recent years the club has accumulated notable sporting results at both the domestic and continental levels, which has increased the scale of its financial commitments toward players and technical staff, and made the stability of its funding resources a basic condition for continuing its competitive sporting project.

2. Institutional Structure of Club Ownership and Financing

The financing structure of most First Professional League clubs in Algeria still rests on an almost single pillar: contributions from major companies and public institutions, which play the role of principal financier through sponsorship contracts or the acquisition of stakes in the capital of the joint-stock sports company (SSPA) to which ownership of most clubs has passed. CR Belouizdad, the subject of this study, relies mainly on the support of the “Madar Holding” group, alongside other clubs bound by similar relationships to major public institutions — such as MC Alger (Sonatrach), USM Alger (Serport), JS Kabylie (Mobilis), and ES Sétif (Sonelgaz)

²Law No. 05-13 of 17 July 2005 on the organization, development and promotion of physical and sports activities, Official Gazette of the People's Democratic Republic of Algeria, No. 50; and Executive Decree No. 06-263 of 8 August 2006 on the establishment of sports clubs in the form of joint-stock sports companies.

— reflecting an almost uniform pattern in the financing of Algeria's football elite, based on institutional support rather than internal resources.

3. Actual Funding Sources and Limited Diversification

Field studies conducted among managers of Algerian sports clubs have shown that these clubs still rely heavily on state and public-institution subsidies as their principal source of financing³, while internal resources such as ticket revenue, subscriptions, private sponsorship, and commercial income remain marginal compared to the scale of expenditure — which has led other researchers to stress the need to activate sports investment and marketing as an alternative source of self-financing rather than total dependence on external support.

4. Main Financial Challenges of the Algerian Model

This financing pattern faces several structural challenges, most notably:

- Almost complete dependence on the decision of the sponsoring institution, which makes the club's stability hostage to administrative and economic orientations outside the club's own technical and administrative apparatus.
- Accumulated debt resulting from financial obligations toward players, coaches, and foreign clubs — an issue that has recurred in several press reports, including a European club's demand that CR Belouizdad settle financial dues in exchange for releasing one of its players, in addition to warnings from specialized media outlets about the worsening debt crisis and its impact on the financial stability of a number of elite clubs.
- Absence of oversight and transparency in the management of public funds directed toward sport, a matter raised by press investigations examining the flow of public money from company treasuries into club accounts without rigorous accountability mechanisms.
- Some clubs resorting to one-off incentive bonuses for players ahead of decisive matches a short-term management approach that drains liquidity without necessarily guaranteeing sporting results, as happened when CR Belouizdad allocated a substantial sum of money to incentivize its players without achieving the intended sporting outcome.

III. The European Financing Model — Legia Warszawa as a Model

1. Club Profile

Legia Warszawa was founded in the Polish capital in 1916, amid the First World War, as a team affiliated with the Polish Legions, before officially becoming the official sports club of the Polish Army — giving it institutional roots that, in principle, resemble the semi-official character marking the founding of several major Algerian clubs. Unlike this military origin, the club today operates under a joint-stock company structure (Legia Warszawa S.A.), and its full ownership has, since 2024, passed to businessman Dariusz Mioduski, after he acquired the shares of the other partners in the capital⁴, while ownership of the club's stadium (the Polish Army Stadium) remains with the City of Warsaw, which took it over in 2002 and oversees its management.

³Laadjal, Y., & Hachrouf, O. (2018). Evaluating the funding sources of professional Algerian football clubs: A field study of First Professional League clubs. *Algerian Scientific Journal of Sports Performance (ASJP)*.

⁴ESSMA. (2024). Legia chairman Dariusz Mioduski becomes club's sole owner after finalising takeover.

2. Diversification of Funding Sources

Unlike the Algerian model, which suffers from a lack of periodic publication of financial data, Legia Warszawa operates within the Polish “Ekstraklasa” league, which is subject to an independent annual financial audit. The 2024/2025 season edition of this audit showed that the combined revenue of Poland's top-flight clubs reached about PLN 1.27 billion (€298.6 million), up 9% from the previous season, led by Legia Warszawa with revenue of about PLN 231 million (€54.3 million) — a clear margin ahead of its closest rival, Lech Poznań (PLN 145 million) — although this figure represents a 13% decline compared to the previous record season⁵.

Legia Warszawa does not have a specifically audited and separately published revenue breakdown by funding source; however, the same report shows the overall structure of the Polish league's revenue, which can be adopted as an indicative approximation for the case of the league's revenue-leading club: central media and marketing rights distributed by the league and UEFA reached about PLN 428 million (€100.6 million), followed by individual sponsorship and marketing contracts at about PLN 408 million (€96 million, up 11%), then matchday revenue, which reached about PLN 215 million (€50.5 million, up 17% thanks to a rise in average attendance to about 12,668 spectators per match), alongside transfer-operation proceeds, which reached about PLN 220 million (€51.7 million)⁶.

3. Financial Challenges of the European Model

Despite this relative diversification in funding sources, the Polish model, represented by Legia Warszawa, is not without fundamental challenges — most notably the wide economic gap that still separates mid-tier European leagues, including the Polish Ekstraklasa, from the “big five” leagues (England, Spain, Germany, Italy, France). This gap makes reliance on transfer proceeds and the sale of promising players to bigger clubs a core, rather than marginal, funding stream, unlike the case in the giant football economies. In addition, the club's full transfer of ownership to a single private owner since 2024 raises, from another angle, an issue that in principle resembles the single-financier dependency issue characterizing the Algerian model — even though the nature of the capital differs between institutional public financing in Algeria and individual private financing in the Polish case.

IV. The Applied Dimension — A Reading of the Relative Structure of Funding Sources and Expenses

After reviewing the theoretical framework and each of the two case studies separately, this section is devoted to a direct applied presentation that translates the preceding differences into a numerical and visual picture, by comparing the relative structure of funding sources on one hand, and the estimated structure of expenses on the other, between the Algerian club and the European club, using pie charts illustrating the weight of each element within each club's total revenue or expenses.

1. Comparative Table of Key Indicators

Table 1: Comparison of key financial and institutional indicators for the Algerian club and the European club under study.

⁵Ultra Algérie. (2026, July 9). A Swiss club stuns CR Belouizdad with an impossible condition.

⁶Same source; figures converted from Polish zloty to euro using the average exchange rate given in the original source.

Indicator	CR Belouizdad (Algeria)	Legia Warszawa (Poland)
Year founded (approx.)	1962	1916
Legal form	Joint-stock sports company (SSPA)	Joint-stock company (S.A.)
Nature of ownership	Dominant public shareholder (Madar Holding group)	Sole private owner (since 2024)
Annual revenue	Not officially published	About PLN 231 million (€54.3 million) for 2024/2025
Primary funding source	Public sponsoring-institution support	Central media and marketing rights
Degree of resource diversification	Weak to moderate	Moderate to high
Key financial challenge	Accumulated debt and lack of transparency	Limited revenue relative to major leagues; growing reliance on transfer proceeds

2. Relative Revenue Structure of Legia Warszawa

Based on data from the “Financial Ekstraklasa” report for the 2024/2025 season, which represents an indicative approximation of Legia Warszawa's case as the league's revenue-leading club, the figure below shows that central media and marketing rights account for the largest share of revenue (41%), followed by individual sponsorship and marketing contracts (39%), then matchday revenue (20%) — a distribution reflecting a relatively balanced diversification among three streams of comparable weight, though still narrower and less independent than the model achieved by giant clubs.

Estimated Relative Revenue Structure of Legia Warszawa, 2024/2025 Season

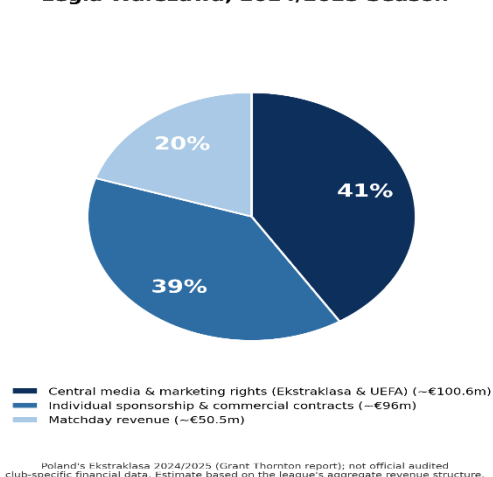


Figure 1: Estimated relative revenue structure of Legia Warszawa for the 2024/2025 season (estimate based on the overall revenue structure of the Ekstraklasa league, per the Grant Thornton report).

3. Estimated Funding Structure of CR Belouizdad

Unlike the European model, professional Algerian clubs do not publish audited financial statements periodically or make them available to the public — itself one of the challenges noted earlier regarding the lack of transparency. The figure below therefore does not reflect precise official accounting data, but rather an indicative estimated distribution based on the qualitative conclusions of field studies conducted among managers of Algerian clubs, which confirmed the dominance of public institutional support in clubs' funding structure, against the marginal weight of internal resources, supplementary sponsorship, and transfer proceeds.

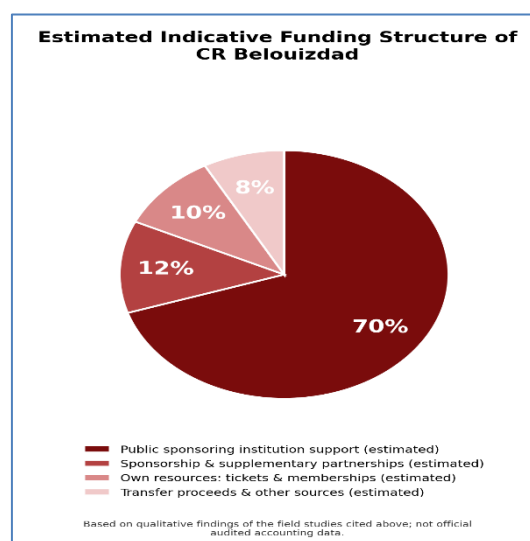


Figure 2: Indicative estimated funding structure of CR Belouizdad, based on the findings of the field studies referenced above; not official audited accounting data.

4. Estimated Expense Structure of the Two Clubs

Alongside the revenue structure, the two figures below provide an indicative, unaudited estimated reading of the expense structure at each club, based on the general wage-to-revenue ratios reported in UEFA's club financial-licensing reports for mid-tier European leagues on one hand⁷, and on qualitative data from field studies and press reports concerning accumulated debt and one-off bonuses in the Algerian case on the other. Both figures show that the wage bill remains the dominant component of expenses in both cases, though the estimated ratio in the Algerian case (65%) is higher than in the Polish case (58%), while the clearest difference appears in the weight of other operating and administrative expenses, relatively higher in the European case (22% versus 15%) — which may reflect a higher degree of professionalism in administrative and marketing structures.

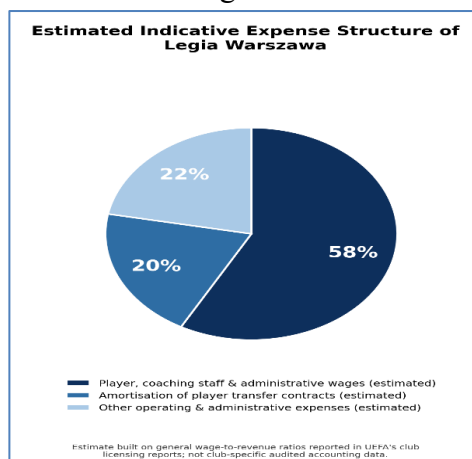


Figure 3: Indicative estimated expense structure of Legia Warszawa (unaudited estimate).

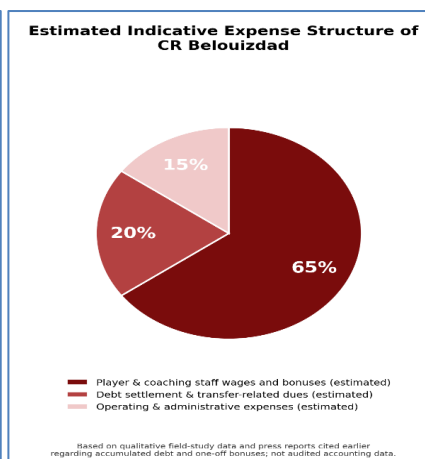


Figure 4: Indicative estimated expense structure of CR Belouizdad (unaudited)

⁷UEFA. (2025). European Club Finance and Investment Landscape Report — the wage-to-revenue ratio data in this report is used only as an approximate reference framework, due to the absence of audited expense data specific to either of the two clubs under study.

5. Reading the Four Figures

The visual comparison between the four figures directly reflects what was stated in the theoretical framework: while the European club's financing is spread across three relatively comparable streams (each ranging between 20% and 41%), the Algerian club's estimated financing is concentrated in a single stream that alone accounts for 70% of resources, with the remaining streams marginal. On the expense side, both figures show that the wage bill remains the dominant component in both cases — confirming that the challenge of financial balance between expenditure and resources is a shared challenge even between two models that differ in their degree of funding diversification, and not one confined to the single-source model alone.

V. Comparative Analytical Reading

The comparison between the two cases reveals three fundamental differences:

First, in terms of the nature of the financier: the Algerian model relies on an almost single institutional financier of a public character, while the Polish model rests on a sole private owner alongside a relative diversification of operating revenue sources between media rights, sponsorship, and matchday revenue — which relatively mitigates the risks of total dependence on a single party in day-to-day management, even though the ownership decision itself remains central in both cases.

Second, in terms of the weight of internal resources: the Algerian club's internal resources (tickets, subscriptions, private sponsorship) remain marginal compared to institutional support, while matchday revenue and commercial contracts form two moderately weighted streams for the Polish club (20% and 39% respectively), capable of growth through better exploitation of the municipal stadium and expansion of the sponsor base.

Third, in terms of the nature of the financial challenge: the most prominent challenge in the Algerian case is accumulated debt, lack of transparency, and weak financial independence, while the European challenge, at the level represented by Legia Warszawa, lies mainly in the limited revenue ceiling compared to the major leagues, and in growing reliance on player-sale proceeds as a compensatory stream, alongside the risks of decision-making being concentrated in the hands of a single private owner.

VI. Shared Challenges and Prospects for Reform

Despite the major divergence between the two models, the Algerian club and the European club share one fundamental challenge: the need for a permanent balance between the growth of expenditure — particularly the wage bill and transfer costs — and the growth of available resources, in a way that preserves financial balance over the medium and long term. Accordingly, a set of recommendations can be proposed for developing the Algerian model specifically:

- Activating internal funding sources by improving match marketing, developing official club merchandise, and expanding the private-sector sponsor base, instead of relying solely on the single public sponsoring company.
- Establishing rigorous oversight and accountability mechanisms over public funds directed to clubs, ensuring transparency and reducing the risk of continued debt accumulation.

- Training administrative staff and managers in modern financial-management methods and strategic planning instead of relying on ad hoc decisions.
- Encouraging clubs to move toward a multi-shareholder sports-company model, opening the door to new investment and reducing the weight of single-source public financing.
- Investing in club-specific infrastructure, chiefly stadiums and training centers, enabling the generation of independent matchday revenue similar to what some mid-tier European clubs achieve through the exploitation of municipal stadiums.
- Requiring professional clubs to publish their annual financial statements according to unified accounting standards, enabling accurate quantitative studies in the future instead of relying solely on qualitative estimates drawn from field surveys.

Conclusion

This study concludes that the difference between the Algerian and European financing models even when choosing a relatively medium-sized European club such as Legia Warszawa instead of one of the giant clubs is not limited to the scale of available financial resources, but extends to the nature of these resources' structure, their degree of diversification, and the transparency of disclosure about them. While the Algerian club, represented by CR Belouizdad, remains captive to an almost single-source financing pattern based on the support of a single public institution exposing it to the vagaries of economic decision-making and accumulating debt upon it — Legia Warszawa offers a model of relative resource diversification between media rights, sponsorship, and matchday revenue, while in turn being subject to concentrated private ownership and a structural limitation on its revenue ceiling compared to the major European leagues. The greatest challenge facing Algerian clubs today remains the gradual shift from a logic of “support” to a logic of “investment and sports marketing,” in keeping with the requirements of genuine professionalism and reducing their long-term financial fragility.

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