RUSSIA’S OLYMPIC SHAME:
Corruption, Human Rights and Security at ‘Sochi 2014’

By Dr Andrew Foxall

Foreword by John Dalhuisen
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FOREWORD

President Vladimir Putin has argued that Russia’s hosting of the 2014 Winter Olympic and Paralympic Games in Sochi is proof of the country’s re-emergence as a ‘great power’. Yet, issues surrounding the Games reveal many of the country’s shortcomings.

Despite reportedly spending over US$51 billion on ‘Sochi 2014’, the run-up to the Olympic Games has been a public relations disaster. Reports of rampant corruption, allegations of human rights abuses, and claims of extensive environmental degradation have been widespread. In addition, Russia’s passing of a law on the “propaganda of non-traditional sexual relations” in July 2013 led to calls for an international boycott of the Games. What is clear is that the Games will not be the spectacle that President Putin, who has staked his personal reputation on staging a successful Olympic Games, envisaged.

‘Sochi 2014’ is not just about the Winter Olympic Games, however. The reports of corruption and allegations of human rights abuses that have accompanied Russia’s preparations for the Games reflect wider issues in contemporary Russia. For at least a decade, a system has been developing in Russia in which: political power is centralised; the judiciary lacks independence; civil liberties and freedoms are heavily restricted; state corruption is entrenched; and, human rights are repressed. Russia’s hosting of the Olympic Games should not disguise this, but bring it into sharper focus.

This report, which provides in-depth analysis of a number of issues surrounding ‘Sochi 2014’, is timely and extremely welcome. Clear and accessible, Andrew Foxall’s report will be of great value to those seeking to understand not only the 2014 Winter Olympic Games but also what the Games reveal about contemporary Russia.

John Dalhuisen
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1. INTRODUCTION

In July 2007, after failed bids for the 1998 and 2002 Winter Olympic Games, the city of Sochi, in southern Russia, was awarded the 2014 Winter Olympic and Paralympic Games, at the 119th Session of the International Olympic Committee (IOC), in Guatemala City.

From the beginning, it was clear that ‘Sochi 2014’ was President Vladimir Putin’s ‘pet project’. Indeed, a number of Putin’s other ‘pet projects’ follow closely on from Sochi’s successful bid for the Winter Olympics, including the country’s hosting of a Formula 1 ‘Grand Prix’ in Sochi between 2014 and 2020 and its hosting of the 2018 FIFA World Cup. As early as 2003, Putin stated that he wanted to develop Sochi into a world-class winter-sports resort. From 2005 onwards, he began to hold state receptions in his summer residence in Sochi, and to spend his skiing holidays in Krasnaya Polyana, a nearby mountain village. Putin’s ambitions were underwritten by the Federal Target Program for the Development of Sochi as a Mountain Climate Resort in 2006-2014, which, in 2006, was declared a national priority by the Russian government. The Program carried an investment volume of RUB314 billion (US$12 billion) if Sochi were awarded the Winter Olympic Games, and of RUB123 billion (US$4.5 billion) if it were not.

Russia has framed the decision by the IOC to award the 2014 Winter Olympic Games to Sochi as heralding the country’s return to ‘great power’ status (derzhava), in both geopolitical and geoeconomic terms. Many in the international community have suggested the same. After Russia’s chaotic experience of post-Soviet transition in the 1990s, in which the economy collapsed and there was a massive deterioration in living standards for ordinary citizens, it is said that the decision of the IOC in 2007 made clear that Russia was back, and that the 2014 Winter Olympics are proof of this.

Seven years after the IOC’s decision, much has changed, both in terms of international affairs and Russian domestic politics. A host of issues – including: rhetoric concerning a new Cold War; the failure of the United States’ attempts, under President Obama, to ‘reset’ (perezagruzka) its relations with Russia; Russia’s preventing of Armenia and Ukraine from signing association agreements with the European Union; and, Russia’s role in the Syria conflict and negotiations over Iran’s nuclear weapons program – have made the international community less receptive to the country. Domestically, the so-called ‘global financial crisis’ depleted the resources available not only to the Russian state but also the small number of private investors who are supporting the Games. After average annual GDP growth of 7% between 2000 and 2008, the Russian economy rebounded after a recession in 2009, but slowed from 4.3% in 2011 to 3.4% in 2012. While the government forecast a growth rate of 4% for 2013, the International Monetary Fund suggests that it may be as low as 1.5%. Russia’s revenues from natural resource exports have begun to shrink, and its spare industrial capacity has been largely exhausted. Institutional reforms and restructuring, so badly needed to improve the country’s economic climate, have not been forthcoming, and the country’s economy is stagnating. In addition, corruption revealed by the blogger-turned-opposition-politician, Alexey Navalny, and Putin’s crackdown on civic and political freedoms since he was elected as President in 2012 have angered the Russian public.

In contrast to almost all other Winter Olympic host cities, Sochi did not have a single available sports venue when it was awarded the Games. As a result, it has built everything from scratch. The Russian government has undertaken a full-scale remodelling of Sochi, through a construction programme involving more than 240 projects – mainly sports venues, transport, and energy infrastructure for the Olympics. This included the construction of the two Olympic sites: ‘Coastal Cluster’ in Adler, and ‘Mountain Cluster’ in Krasnaya Polyana, which are roughly 50km apart. Of the US$12 billion budget that Russia announced for the Games in 2006, the largest proportion was for infrastructure rather than sports facilities: only 16% of funds were earmarked for sports facilities, while 59% were for transport infrastructure and 25% for energy infrastructure.

Given the pervasive nature of alleged corruption in Russia, it should come as no surprise that Russia’s spending has increased dramatically since 2006, and ‘Sochi 2014’ is set to become the most expensive Winter Olympics ever, in terms of capital investment. In 2009, the Ministry of Regional Development suggested that expenditure between 2009 and 2012 would be more than US$827 billion; estimates vary, but the actual cost is likely to be far higher. Opposition figures Boris Nemtsov and Leonid Martynyuk suggest that the total cost of the Winter Olympic Games is US$31 billion, although there are reasons to be critical of this figure.

The issue of whether or not the Games will go ahead, which appears to have been resolved in the affirmative, was frequently raised in the years prior to their beginning. A series of factors had contributed to commentators...
questioning Sochi’s suitability as a host city. Delays to the construction of Olympic infrastructure, the increasing cost of hosting the Games, and security issues stemming from Sochi’s proximity to both the non-recognised state of Abkhazia and the volatile North Caucasus republics were prime causes for concern. Similarly, Russia’s treatment of its Lesbian, Gay, Bisexual, and Transsexual (LGBT) community led to calls for an international boycott of the Games, as did the country’s refusal to recognise that Tsarist Russia committed ‘genocide’ against the Circassian people – a nation indigenous to the northwest Caucasus – in Sochi in 1864.

Sochi is also a controversial Winter Olympic host city because of its geography. Krasnodar Kray – the region where Sochi is located – has a sub-tropical climate, and is one of few places in Russia where it does not snow during the winter months; the average annual temperature in Sochi is 18.4°C (65.1°F). In the month of February, when the Olympics will take place, the average temperature is 8.3°C (46.9°F); however, in February 2012, the average temperature was 18.5°C (65.3°F). This led to two Olympic ‘test events’ – for Snowboarding Parallel Slalom and Slopestyle Skiing – being cancelled. Alarmed that the same might happen in 2014, organisers announced their intention to store 450,000 cubic metres (16 million cubic feet) of snow nearby. Krasnaya Polyana – where the ‘Mountain Cluster’ is located – is home to what Russian officials boast is Europe’s biggest snow-making system. In addition, over recent years Krasnodar Kray has seen a number of weather-related natural disasters.

Beyond this, Russia’s preparations for ‘Sochi 2014’ have been characterised by serious ecological and environmental damage. In 2006, prior to Sochi being awarded the Olympics, Greenpeace filed a complaint with the Russian Supreme Court, against the construction of Olympic infrastructure in the Caucasian State Biosphere Reserve (a UNESCO Heritage Site). In response, the Russian government redefined the borders of the Reserve to allow construction to go ahead, leading to significant environmental damage. Despite the Bidding Committee stating that ‘Sochi 2014’ would be one of the most environmentally friendly Games in history, such environmental damage has not only continued since Sochi was awarded the Olympics, but has also become widespread.

The 2014 Winter Olympic Games in Sochi are clearly contentious, and there are a large number of issues surrounding them. This report focuses on three: corruption, security, and human rights. It argues that Sochi is effectively a case study around which many of the issues facing contemporary Russia are highlighted.
2. CORRUPTION

While figures from *The World Bank* show that Foreign Direct Investment increased between 2006 and 2013 (from US$37.6 billion, to US$51.4 billion),¹ and suggest that Russia’s investment climate has improved since Sochi was awarded the 2014 Winter Olympic Games, this is not the whole story. The past decade has seen: Mikhail Khodorkovsky, one of Russia’s most successful businessmen, imprisoned on politically motivated charges; Yukos, one of the country’s biggest and most successful companies, systematically dismantled and appropriated by the state; and an international business consortium (Sakhalin Energy, led by Royal Dutch Shell) placed under legal and political pressure to sell the majority stake in its ‘Sakhalin-II’ project to a state-owned company (Gazprom). In addition, Sergei Magnitsky, a lawyer, was tortured, denied medical treatment, and died in police custody, after alleging that state officials took part in a US$230 million tax fraud against his client, Hermitage Capital Management Ltd. These events, as well as others, have had implications for how Russia is viewed by the international business community. According to *Transparency International’s Corruption Perceptions Index*, Russia’s rank fell from 121 (out of 163) in 2006, to 133 (out of 176) in 2012, in terms of least corruption.

Given that the preparations for ‘Sochi 2014’ have involved some of the largest construction projects and capital expenditures in Russia over the last seven years, it would be surprising if the Games had not been accompanied by alleged corruption. Many of these allegations concern state officials. Reflecting the *vertical* structure of power that was announced by President Putin in 2000, ‘Sochi 2014’ is led by the federal government.² In this respect, the method, scale, and structure of ‘Sochi 2014’ are emblematic of larger projects of development and modernization in Russia. The centrality of federal authorities to the planning of ‘Sochi 2014’ is visible in the expenditures in Russia over the last seven years, it would be surprising if the Games had not been accompanied by alleged corruption. Many of these allegations concern state officials. Reflecting the *vertical* structure of power that was announced by President Putin in 2000, ‘Sochi 2014’ is led by the federal government.² In this respect, the method, scale, and structure of ‘Sochi 2014’ are emblematic of larger projects of development and modernization in Russia. The centrality of federal authorities to the planning of ‘Sochi 2014’ is visible in the scale of the Olympic organising committee (OOC) is based in Moscow, rather than Sochi. As a result, the OOC consults with federal rather than regional (Krasnodar Krai) or local (Sochi city) authorities. In addition, the federal government is functionally in charge of *Vertikal*, the state-owned corporation that is responsible for designing, planning, modernization in Russia. The centrality of federal authorities to the planning of ‘Sochi 2014’ is visible in the fact that the Olympic organising committee (OOC) is based in Moscow, rather than Sochi. As a result, the OOC consults with federal rather than regional (Krasnodar Krai) or local (Sochi city) authorities. In addition, the federal government is functionally in charge of *Olymstroy*, the state-owned corporation that is responsible for designing, planning, redeveloping, constructing, and maintaining the Sochi Olympic venues. The head of *Olymstroy*, for example, is appointed by (and reports to) the Deputy Prime Minister and the Presidential Administration, but not to the OOC.³ Dmitry Kozak, the Deputy Prime Minister, is one of President Putin’s closest allies and perennial fixers. Furthermore, the government owns or co-owns several of the primary investors in the Games, such as Gazprom and Sberbank, or gives major financial backing to them, such as Interros and Basic Element. With so much power concentrated in the federal centre, there are ample opportunities for corrupt officials to abuse their positions, for financial gain.

This section is divided into three. The first sub-section examines the spiralling cost of the Games; the second sub-section provides background to the Olympic corruption issue; and the third sub-section describes the cost associated with each piece of Olympic infrastructure.

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COST

The 2014 Sochi Winter Olympic Games are set to be the most expensive Olympic Games of all time. While, in 2006, the estimated cost of the Games was RUB314 billion (US$12 billion), this had increased to RUB1.526 trillion (US$50.9 billion) by 2013 (see Table 1). Reflecting their sensitivity to the issue, Russian authorities have been keen to downplay such increases. In 2011, in response to a report – released by the Regional Development Ministry – which suggested that Olympstroy’s budget for designing and building the Games facilities had more than doubled – from RUB143.6 billion (US$4.9 billion) to RUB304 billion (US$9.2 billion) – Dmitry Kozak, Deputy Prime Minister, suggested that this did not amount to an ‘increase’ in the budget, but rather reflected a ‘redistribution of resources’ within the budget. Whether or not this is the case, it goes without saying that cost overruns are not unique to Sochi. The 2006 Winter Olympic Games in Turin, Italy, for example, were estimated to cost US$2.4 billion, but actually cost US$4.37 billion – an increase of 82%. Similarly, ‘Vancouver 2010’ increased in cost from US$2.1 billion to US$2.45 billion (or, by 17%). Nevertheless, ‘Sochi 2014’ is unique because its costs increased nearly four-fold, or by 386%.

Table 1: Increase in the cost of ‘Sochi 2014’

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost of Sochi Olympics (billion RUB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>314 (US$9.5 billion)</td>
</tr>
<tr>
<td>2009</td>
<td>950 (US$28.7 billion)</td>
</tr>
<tr>
<td>2013</td>
<td>1,526 (US$50.9 billion)</td>
</tr>
</tbody>
</table>

Source: Vzglyad

While the Russian government announced, in 2006, a US$12 billion infrastructure-improvement programme for Sochi, and guaranteed to meet any potential financial shortfalls for the Games, it also initially promoted the myth that the construction of the Olympic facilities would be financed largely by private investment. Almost as soon as construction had begun in 2007, however, the so-called ‘global financial crisis’ set in. In late 2008, Russian markets plummeted, and more than US$1 trillion was wiped off the value of Russia’s shares. Some Russian banks collapsed, while others withheld credit, and companies were forced to restructure their debts. Despite the government refinancing foreign capital, and thereby effectively flooding the economy with RUB500 billion, Russia’s GDP contracted by 7.9% in 2009. All of this had the impact of reducing the monies available to private investors. As a result, in June 2009, Dmitry Chernyshenko, President of the OOC for ‘Sochi 2014’, began to acknowledge that the state would have to foot more of the bill for the Olympic Games, stating:

“The Sochi 2014 Organizing Committee is committed to ensuring that 80% of the budget for staging the Winter Games comes through private funding, and we are delivering on our financial promises.”

Over recent years, it has become clear that even this was wildly optimistic; the state has effectively footed almost the entire bill. The majority of construction has been undertaken by state-owned corporations or through shareholder associations which are either state property or under state control. There are only two large private investors: Oleg Deripaska, who has invested through his Basic Element company, and Vladimir Potanin, who has invested...
through his Interros conglomerate. Even the investments made by Deripaska and Potanin, however, were initially underpinned by substantial loans – up to 70% – from the state-owned Vnesheconombank (VEB). Table 2, below, shows a breakdown of the money spent by the major investors in ‘Sochi 2014’.

### Table 2: Breakdown of money spent on ‘Sochi 2014’ by each major investor

<table>
<thead>
<tr>
<th>Investor</th>
<th>Money spent (billion RUB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russian Railways</td>
<td>314(^{15}) (US$9.45 billion)</td>
</tr>
<tr>
<td>Olympstroy</td>
<td>303.9(^{16}) (US$ 9.17 billion)</td>
</tr>
<tr>
<td>VEB</td>
<td>220(^{17}) (US$6.64 billion)</td>
</tr>
<tr>
<td>Gazprom</td>
<td>131.8(^{18}) (US$3.98 billion)</td>
</tr>
<tr>
<td>Krasnodar Kray</td>
<td>109(^{19}) (US$3.29 billion)</td>
</tr>
<tr>
<td>Sberbank</td>
<td>75-80(^{20}) (US$2.26-2.41 billion)</td>
</tr>
<tr>
<td>Mostotrest</td>
<td>78.4(^{21}) (US$2.37 billion)</td>
</tr>
<tr>
<td>Vladimir Potanin</td>
<td>68.6(^{22}) (US$2.07 billion)</td>
</tr>
<tr>
<td>Oleg Deripaska</td>
<td>45(^{23}) (US$1.36 billion)</td>
</tr>
<tr>
<td>Others (other federal and regional budgets, private investors)</td>
<td>176.86-181.86 (US$5.34-5.49 billion)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,526 (US$46 billion)</strong></td>
</tr>
</tbody>
</table>

While Deripaska and Potanin initially invested in the Olympics to make profit, they gave up this goal long ago. From 2011 onwards, it became apparent that the majority of Olympic construction projects were running at significant losses and would not pay for themselves, let alone turn a profit. As this became clear and investor confidence in Sochi construction projects fell, in 2011 VEB increased its loans from 70% to 90%.\(^{24}\) This served to be mutually reinforcing, as investors saw increasing state involvement in the Games as further evidence of the state’s dominant and often problematic role in the economy. In March 2013, Andrey Elinson, Deputy Chief Executive Officer of Basic Element, argued:

> If investors don’t get any return or government support and in effect lose a large part of the funds they’ve invested in the Olympics, it won’t have a positive impact on our investment climate.\(^{25}\)

Despite Dmitry Kozak’s announcement, in December 2013, that investors in Sochi would receive tax relief until the end of 2015\(^{26}\), the situation for investors is dire.

15 This figure is produced by extracting figures from the following source. ‘Investment Programme’, Russian Railways. Available at: http://eng.rzd.ru/statice/public/en/STRUCTURE_ID=294


21 Compiled from figures published in Mostotrest annual reports. Sources are available here: http://ir.mostotrest.ru/en/news-and-publications/annual-reports.html

22 Koroli olimpiyskikh zakazov ['King of the Olympic Contracts']. The New Times, 8 April 2013. Available at: http://www.newtimes.ru/articles/detail/65093


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Former Prime Minister Mikhail Kasyanov has described the expenditure undertaken by Deripaska and Potanin as amounting to “a sort of tax imposed by the president”, saying that it sent the message that “[i]f you want to carry on doing business in Russia, here’s the tax you need to pay -- the kind of a tax that he [Putin] wants you to pay.”

An increase of 386% on the initially projected costs of ‘Sochi 2014’ offers a window into current Russian political economy, as it is likely that much of this additional cost is due to corruption. Writing in May 2013, opposition figures Boris Nemtsov and Leonid Martynyuk stated:

According to the worldwide average for price increases, the cost of the Sochi Olympics should be $24bn (double the $12bn announced by Mr Putin). The rest – $26bn – is embezzlement and kickbacks.

It is costs such as those accounted for by “embezzlement and kickbacks” that have ‘Sochi 2014’ on track to be the most expensive Olympic Games of all time. The previous holder of that honour, ‘Beijing 2008’, spent US$40 billion on upgrading infrastructure and getting ready to host the Games. The Summer Olympics, however, usually warrant a larger expenditure than the Winter Games; they involve more athletes (11,000 vs. 2,500), more events (300 vs. 86), and more venues (40 vs. 15) than Winter Games. A more appropriate comparison, therefore, is to other Winter Olympics, which, as already noted, show Russian largesse in an even worse light.

**OLYMPSTROY**

Olymstroy – whose full name is the *State Corporation for Construction of Olympic Venues and Sochi Development as Alpine Resort* – was founded by Presidential decree, on 8 November 2007. It is the largest investor in the construction of the Olympic facilities, and received its entire budget from the government (which is to say, from the federal budget). It is an institutional behemoth, containing over 40 departments – it reportedly has more personal chauffeurs for its senior bosses than there were members of the entire OOC for the 2012 Summer Olympic Games in London.

In December 2007, the Russian government announced the construction programme for ‘Sochi 2014’, which outlined the amount of money that Olymstroy would receive annually. These figures are shown in Table 3, below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount projected in 2007 that Olymstroy would receive (billion RUB)</th>
<th>Amount received by Olymstroy, according to the company’s annual reports (billion RUB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>0</td>
<td>0.500 (US$15 million)</td>
</tr>
<tr>
<td>2008</td>
<td>72,037 (US$2.17 billion)</td>
<td>76,878 (US$2.32 billion)</td>
</tr>
<tr>
<td>2009</td>
<td>0</td>
<td>6,719 (US$2 million)</td>
</tr>
<tr>
<td>2010</td>
<td>20,454 (US$617 million)</td>
<td>27,225 (US$821 million)</td>
</tr>
<tr>
<td>2011</td>
<td>27,179 (US$820 million)</td>
<td>31,766 (US$959 million)</td>
</tr>
<tr>
<td>2012</td>
<td>39,665 (US$1.19 billion)</td>
<td>43,795 (US$1.32 billion)</td>
</tr>
<tr>
<td>2013</td>
<td>34,930 (US$1.05 billion)</td>
<td>n/a</td>
</tr>
</tbody>
</table>

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32 ‘No. 991 O programme stroitel’stva olimpiyskih obyektov i razvitiya goroda sochi kak gornoklimaticheskogo kariera’ [‘No. 991 Programme for the Construction of Olympic Venues and Development of the City of Sochi as a Mountain Climate Resort’] Adopted on 29 December 2007. Available at: http://www.sc-os.ru/common/upload/Programme.pdf. The Programme was subsequently amended on 31 December 2008 (No. 1086).
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<table>
<thead>
<tr>
<th>Year</th>
<th>Total (US$6.38 billion)</th>
<th>Total (US$5.64 billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>17,374</td>
<td>n/a</td>
</tr>
<tr>
<td>Total</td>
<td>211,639</td>
<td>186,883</td>
</tr>
</tbody>
</table>

Source: Olimpstroy annual reports 33

The money received by Olimpstroy in 2013 and 2014 is not yet available, and it is likely that the figures for earlier years considerably underestimate the money that the company actually received. In 2011, for example, representatives from Olimpstroy stated that the company had received RUB303.9 billion (US$9.17 billion) between 2007 and 2011, 34 which is twice as much as it had officially received (RUB143 billion, or US$4.32 billion).

The Olympic construction programme stated that Olimpstroy was responsible for the building of all stadiums in the Imeretinskaya Lowland, the Olympic Village, and the infrastructure of other buildings. In addition, it was also responsible for co-ordinating general preparations for the Olympics. Olimpstroy has, however, consistently refused to detail the costs of its individual projects.

Reflecting the chaotic nature of Russia’s preparations for Sochi, Olimpstroy has had four managers since it was created in 2007: Semyon Vaynshtok, Viktor Kolodyazhny, Taymuraz Bolkoyev, and Serge Gaplikov. Each managerial change was accompanied by the opening of criminal cases against the preceding manager, primarily for embezzlement, corruption, or exceeding official authority. Vaynshtok (formerly head of state-owned Transneft) resigned after only seven months, amid accusations of mismanagement. Kolodyazhny (formerly the mayor of Sochi) resigned in 2009, after Putin complained at the charges that Russian Railways was invoicing for the Olympic construction freight. After Bolkoyev (head of the BTK Group) resigned in 2010, 27 criminal cases were filed against him. 35

Although it was announced in 2007 that Olimpstroy would be subject to parliamentary oversight, the company was never put on the list of companies which had to report their activities to the State Duma. That is not to say, however, that the company has been entirely free of checks and balances. In its 2012 annual report, released in March 2013, Russia’s Audit Chamber stated that Olimpstroy had systematically inflated the cost of Olympic stadia by RUB15.5 billion (US$0.506 billion): 36

An investigation has shown that corporation executives created the conditions for an unjustified increase in the estimated cost of the sports facilities checked by the Audit Chamber […] In total, the rise in costs of the sports facilities is 15.5 billion rubles ($506 million) […] 37

Olimpstroy executives, the report claimed, had been:

- taking decisions that increased the cost of facilities without providing any grounds for the new calculations whatsoever or presenting them without sufficient motivation […] 38

In one case, announced in February 2013, the investigators alleged that Viktor Luchkin, the head of the president’s office of Olimpstroy, had embezzled RUB900 million (nearly US$30 million) by transferring budget money to accounts of companies he controlled, for allegedly completed works and services. 39

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38 Ibid.
CONSTRUCTING OLYMPIC INFRASTRUCTURE

In contrast to almost all other Olympic host cities, when Sochi was awarded the Olympic Games it did not have a single relevant sports venue. The only stadium it had was the Slava Metreveli Sochi Central Stadium, which was built in 1964. Nominally ‘multi-purpose’, it had been used mostly for football matches since its construction. As a result, roughly 85% of stadia and infrastructure for the Games has been built from scratch. The Sochi Olympic Park (‘Coastal Cluster’) contains six stadia in addition to an Olympic Village and Press Centre, all of which are new. Krasnaya Polyana (‘Mountain Cluster’), meanwhile, contains five stadia in addition to an Olympic Village. While one of the stadia (the Rosa Khutor Alpine Resort) was a pre-existing development, and another (the Laura Cross-Country Ski and Biathlon Center) was re-developed from an existing arena (Psekhako Ridge), all others were purpose built. In addition, the entire infrastructure in the ‘Mountain Cluster’ is new.

In 2006, the Russian government estimated the cost of constructing Olympic infrastructure to be RUB84.369 billion (US$2.5 billion). Work would begin in 2007, and be completed by 2013, with individual stadia taking between two and three years to construct. In 2009, the OOC announced that construction was one-year ahead of schedule, and, three years later, the International Olympic Committee (IOC) estimated that 80% of construction was complete. In the winter of 2012-2013, 21 international test events in all 15 Winter Olympic disciplines and in five Paralympic sports took place. Despite this, in February 2013, it was reported that there had been “schedule disruptions of some sites”, combined with a “dramatic cost overrun”.40 As a result, Putin sacked Akhmed Bilalov as vice-president of the OOC.41 At the time, the RusSki Gorki Jumping Center was two years behind schedule. In April 2013, a criminal case was opened against Bilalov, for allegedly stealing US$97,000 of company funds.42 In 2013, the cost of construction had increased to RUB198.509 billion (US$6.02 billion).

What follows is a stadium-by-stadium overview of Olympic infrastructure.

Olympic Stadia

Laura Cross-Country Ski and Biathlon Center

Located in Krasnaya Polyana, the Laura stadium will be used for Biathlon and Cross-Country Skiing events. It was built from an existing arena, the Psekhako Ridge, which had been constructed in 2005. The cost of the Laura stadium remained at RUB5.994 billion (US$181.9 billion).

Rosa Khutor Alpine Center

Located in Krasnaya Polyana, the Rosa Khutor Alpine Center will host all Alpine Skiing disciplines – Downhill, Combined (downhill and slalom), Giant Slalom, and the Super Giant Slalom – as well as Freestyle skiing and Snowboarding. Its costs increased from RUB16.469 billion (US$499 million) to RUB69 billion (US$2.09 billion), or by 319%. Construction began in 2003, prior to Sochi being awarded the Olympics, and was due to be completed in 2011; however, parts were still being constructed in mid-2013.

RusSki Gorki Jumping Center

Located in Krasnaya Polyana, the RusSki Gorki Jumping Center will host Alpine Skiing and Cross-Country Skiing events. Its costs increased from RUB1.258 billion (US$40 million) to RUB8.218 billion (US$247 million), or by 553%.

Sanki Olympic Sliding Center

Located in Krasnaya Polyana, the Sanki Olympic Sliding Center will host Bobsleigh; Skeleton; and Luge events. Its

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41 Bilalov was also head of the multi-billion-ruble ‘North Caucasus Resorts’ project (to create world-class ski resorts in the North Caucasus Federal District); but, he was also sacked from this position.
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cost increased from RUB8.452 billion (US$256 million) to RUB8.523 billion (US$258 million), or by 1%. 44

Rosa Khutor Extreme Park

The Rosa Khutor Extreme Park is located in Krasnaya Polyana, and will host both the Snowboarding and Freestyle events. The cost of infrastructure for the Snowboarding events increased from RUB1.233 billion (US$37.4 million) to RUB4 billion (US$121 million)45, or by 224%. While the cost of the Freestyle centre was estimated to be RUB429 billion (US$12.95 billion), a figure for the actual cost of the centre is not readily available.

Fisht Olympic Stadium

The Fisht Olympic Stadium, which is the main Olympic stadium, is located in the Imeretinskaya Lowland. It will host the opening and closing ceremonies for the Olympic Games, but no events. The cost of the stadium was initially estimated at RUB8.9 billion (US$270 million); it has since increased to RUB24.1 billion (US$731 million)46. In relative terms, this represents an increase of 171%. 47

Bolshoy Ice Dome

The Bolshoy Ice Dome is one of two stadia that will host hockey events. It is located in the Imeretinskaya Lowland. The cost of the Dome was initially estimated at RUB6.756 billion (US$205 million), although this increased to RUB9.6 billion (US$291 million), or by 42%.48

Shayba Arena

The Shayba Arena, which is the second of two stadia for Ice Hockey events, is located in the Imeretinskaya Lowland. Its cost was estimated at RUB1.033 billion (US$31.4 million), although this increased to RUB1.08 billion (US$32.8 million)49, or by 5%.

Ice Cube Curling Center

The Ice Cube Curling Center will host Curling events. It is located in the Imeretinskaya Lowland. Its costs increased from RUB1.487 billion (US$45.1 million) to RUB1.5 billion (US$45.5 million), or by 1%.

Iceberg Skating Palace

The Iceberg Skating Palace, which will host Figure Skating and Short-Track Speed Skating events, is located in the Imeretinskaya Lowland. Its costs increased from RUB2.376 billion (US$72.1 million) to RUB8.8 billion (US$267 million), or by 270%.50

Adler Arena

Located in the Imeretinskaya Lowland, the Adler Arena will host Ice Skating events. Its cost increased from RUB1.1 billion (US$33.4 million) to RUB6.005 billion (US$182 million)51, or by 446%.

49 ‘Sochi 2014: Main’.. Sports.ru. no date.
50 ‘Olimpiyskiye stroyki poluchili pervyye ugolovnyye dela’.. Izvestia. 9 August 2012.
51 ‘Sochi 2014: Main’.. Sports.ru. no date.
Other Infrastructure Projects

Airport

Built by Oleg Deripaska’s Basic Element company, the cost of the airport increased from RUB5.7 billion (US$171 million) to RUB6.2 billion (US$200 million), or by 9%. 52

Main Olympic Village

The cost for the Olympic Village located in the Immeretinskaya Lowland increased from RUB26.099 billion (US$792 million) to RUB37.653 billion (US$1.7 billion)53, or by 119%.

Olympic Mountain Village

Located in Krasnaya Polyana, the Olympic Mountain Village has increased dramatically in cost. Initially estimated at RUB3.19 billion (US$96.8 million), it has cost almost RUB30 billion (US$1 billion), or almost 10 times more than was expected.54

Road Linking ‘Coastal Cluster’ and ‘Mountain Cluster’

Perhaps the most egregious example of the cost increases that have characterised Russia’s preparation for ‘Sochi 2014’ is the road linking the ‘Coastal Cluster’, in the Immeretinskaya Lowland, and the ‘Mountain Cluster’, in Krasnaya Polyana. Built by Russian Railways, the road was initially projected to cost RUB88.7 billion (US$2.7 billion); however, the final cost was more than double this, at RUB260 billion (US$7.8 billion).55 The final cost is more than NASA’s ‘Curiosity’ mission (US$2.5 billion), which sent a rover to Mars to establish whether the planet could ever have supported life.56 The same road, the Russian edition of Esquire magazine estimated, could have been covered in an eight-inch (21.90cm) layer of foie gras for the same price. 57

CORRUPTION

Allegations abound that Russian officials and businessmen have stolen billions of dollars during the preparations for ‘Sochi 2014’. Most centre on the disparity between the initial and final costs of the Games, and suggest this as proof of rampant corruption and fraud. 58 Very few people involved in the preparations have spoken out about the alleged corruption, however. Valery Morozov is one such person.

In the summer of 2010, construction magnate Valery Morozov claimed, in both Russian59 and British60 media outlets, that a high-ranking Kremlin official had extorted US$6.3 million in bribes from him in exchange for a lucrative construction contract in Sochi for the 2014 Winter Olympics. Morozov stated that Vladimir Leshchevsky, Deputy Head of the Office of Capital Construction, had demanded a 12% kickback on the RUB1.5 billion (US$4.6 million) construction contract awarded to Morozov’s Moskonversprom company. The contract was to build the Primorsky health spa in Sochi, a 700-room luxury residential complex designed to house state officials during ‘Sochi 2014’. Morozov filed a complaint with the MVD, in June 2009, which investigated the case but announced that it would not pursue it. After intervention by President Medvedev, in July 2010, Prosecutor General Yuri Chaika launched an investigation into the case, and Leshchevsky was subsequently charged under Article 290 of the

53 ‘Sochi 2014: Main’, Sports.ru. no date.
55 ‘Zatraty na Olimpiadu v Sochi rekordnyye za vsyu istoriyu Olimpiyskih ig’, [‘Costs for the Sochi Olympics are a record in the history of the Olympic Games’]. Za otvetstvennuyu vlast’, 16 August 2012. Available at: http://igr.ru/articles/zatraty_na_olimpiadu_v_sochi
56 ‘Mars Science Laboratory/Curiosity’, NASA. Available at: http://solarsystem.nasa.gov/missions/profile.cfm?InFlight=1&MCode=MarsSciLab&Display=ReadMore
57 Based on a price of US$88 per kilogram of foie gras. See, ‘Tuda i doroga’ [‘Return Road’], Esquire. 7 July 2010. Available at: http://esquire.ru/sochi-road
58 The majority of these allegations cite the figure of US$51 billion as the total cost of the Games. This figure is taken from the following source: Martynyuk, L. and Boris Nemtsov. ‘Zimnyaia olimpiada v sotropekh’, [‘Winter Olympics in the Sub-Tropics’] (2013). There are a number of reasons to be critical of this figure, however, not least because figures contained in the report are different to those contained in the sources that the report cites.
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Russian Criminal Code (‘Receipt of a Bribe’). At the same time, a major tax investigation was ordered into Morozov’s business, and Morozov began receiving death threats:

We received explicit threats: ‘You’ll be soaked with blood; drowned in blood,’ […] It was very straightforward. We know the history. Russia generally does not care much for human life.

Morozov claims that the levels of extortion increased dramatically after Sochi was awarded the 2014 Winter Olympic Games: from as little as 3% in 2008, to as much as 50% in 2011.

61 ‘Chinovnik Upravdelami Prezidenta zarabatyval na Olimpiade-2014’ ['President’s Official Manager was Earning from the Olympics']. Pravo. 11 August 2010. Available at: http://pravo.ru/news/view/35833/.

3. SECURITY

While security concerns are paramount at all mega-events, the threats at ‘Sochi 2014’ are without parallel, in terms of their magnitude. Ever since the terrorist attack at the 1972 Munich Games – in which 11 members of the Israeli Olympic team were taken hostage and killed, along with a German police officer, by the Palestinian terrorist group, Black September – each host city of an Olympic Games has paid considerable attention to security. Russia is no exception. Speaking in July 2011, Dmitry Kozak, the Russian Deputy Prime Minister, made this connection clear when he said, “The lesson of Munich is unforgettable even though it happened 40 years ago.”63 Indeed, such is the extent to which the events in Munich have guided Russia’s approach to securing the 2014 Olympic Games that some experts have suggested that Sochi suffers from ‘Munich Syndrome’.64

Certainly, Russia has been keen to draw on other countries’ experiences in making their security preparations for ‘Sochi 2014’. It has assessed measures and technologies used in ‘London 2012’ and other recent major sporting events. In addition, it has reviewed its own preparations for high-profile events, including the 2006 G8 Summit in St. Petersburg, the 2012 APEC Summit in Vladivostok, and the 2013 summer Universiade in Kazan. A two-day meeting held under the auspices of the FSB in June 2013, for example, brought together representatives from 31 security and law-enforcement agencies from 20 nations65.

If anything, however, Russia’s core model for its security preparations for ‘Sochi 2014’ is the 1980 Summer Olympic Games, which were held in Moscow. Many of the tactics employed by the Soviet authorities for ‘Moscow 1980’ – including, removing ‘undesirable’ citizens from the host city for the duration of the Games, and an emphasis on prevention and perimeter control – are being used in Sochi. Furthermore, as has been noted elsewhere66, Deputy Minister of Internal Affairs Nikolai Rogozhkin has highlighted the continuity in the state’s security forces, remarking that “many of the police officers who remain in the force were in charge of security then”.

The Caucasus has been a highly volatile region since the fragmentation of the Soviet Union in 1991. The region is traditionally divided between North and South; the North Caucasus contains the republics of southern Russia (Chechnya, Dagestan, Ingushetia, Kabardino-Balkaria, Karachaevo-Cherkessia, and North Ossetia-Alania), while the South Caucasus is the three independent states of the region (Armenia, Azerbaijan, and Georgia). In many ways, the 1980-1994 conflict between Armenia and Azerbaijan, over the territory of Nagorno-Karabakh, heralded the end of the Soviet era.67 Georgia, meanwhile, fought wars against the separatist republics of South Ossetia (1991-1992) and Abkhazia (1992-1993), in the early 1990s. In addition, in early August 2008, Georgia and Russia went to war over Abkhazia and South Ossetia. It should go without saying that this war took place during the 2008 Summer Olympic Games in Beijing.

In the North Caucasus, Russia has fought two wars against Chechnya since 1991 (1994-1996 and 1999-2002), while, in the early 1990s, forces in Chechnya sought full independence for their republic – since the mid-1990s, the nationalist cause has transformed into an Islamist one, with a jihadi component. As Chechen fighters began to use terrorism, instability and Islamist fundamentalism spread throughout much of the North Caucasus, and the Russian state has responded with massive, indiscriminate force; International Crisis Group describes the North Caucasus as the scene of “Europe’s deadliest conflicts”.68

This section of the report analyses the military and terrorist challenges to ‘Sochi 2014’, and the measures that Russia has taken in response. The first sub-section examines the development of Russia’s Olympic security concept; the second sub-section describes in detail the Olympic security budget; and the third sub-section explores terrorist, military, and other threats facing the Games.

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66 Galeotti and Bowen. ‘Russia gears up for the 2014 Winter Olympics’ (2013).
THE ‘SOCHI 2014’ OLYMPIC SECURITY CONCEPT

In November 2007, months after Sochi was awarded the 2014 Winter Olympic Games, Russia passed Federal Law 310-FZ. The Law was used to establish a security zone around Sochi, stretching along about 100 kilometres of Black Sea coast and up to 40 kilometres inland. As with ‘Moscow 1980’, within the area, demonstrations and gun sales are banned, private-car traffic limited, and access controlled for the duration of the Games. Furthermore, local residents considered potential risks may be required to leave the zone.

In addition to this, Russia has adopted a security concept for the Games. This concept has evolved through three periods, each of which is marked by a distinct theoretical model, specific practical measures, and targeted financial support. It is this security concept, rather than the federal law of 2007, that this section concentrates on.

The first security concept was announced in May 2007, two months before Sochi was awarded the Olympic Games. This was a time when the North Caucasus region was relatively stable.

The emergence of the Caucasus Emirate (Imirate Kavkaz) – a terrorist organisation operating in the North Caucasus region – in October 2007, and the Russo-Georgian war of August 2008, led to changes in the security concept. However, this did not happen immediately. In January 2010, President Medvedev re-drew the federal structure of Russia, in order to separate Sochi from the North Caucasus. The Southern Federal District, in which Krasnodar Kray was included, was divided into two: the Southern Federal District (SFD) and the North Caucasus Federal District (NCFD). Krasnodar Kray remained in the SFD, while the volatile North Caucasus republics were moved to the NCFD. This move not only contradicted the Kremlin's on-going territorial-administrative reform of combining regions into larger units, but, for the first time, involved dividing an administrative unit in two. This represents the second security concept.

This re-drawing of administrative borders had little practical impact in the North Caucasus. The Caucasus Emirate carried out a number of terrorist attacks in the region and elsewhere, including the March 2010 Moscow Metro bombings (in which 40 people were killed, and over 100 injured) and the January 2011 suicide bombing at Moscow’s Domodedovo International Airport (in which 37 people were killed, and over 180 others injured). As the Caucasus Emirate became more active, the Kremlin became increasingly concerned about the threat that it posed to the Olympic Games. In this context, at the end of 2012, authorities announced that they would introduce a voluntary ‘Spectator Pass’ for the Olympic Games. Following a success trial during the 2013 IIHF Ice Hockey Under-18 World Championships (held in Sochi in April 2013), the Pass was made mandatory for all those attending ‘Sochi 2014’, in April 2013. This is the third security concept.

2007: The First Security Concept

The first security concept was announced, by authorities, in May 2007. At this time, Russia’s domestic insurgency, which was initially based in Chechnya but had spread into neighbouring Dagestan and Ingushetia during the mid-2000s, seemed to have been defeated and its leaders were either dead or in hiding. Active during the first (1994-1996) and second (1999-2002) Chechen wars, the Chechen insurgency movement peaked between 2002 and 2004. After the Beslan school hostage siege in September 2004 (in which at least 385 people were killed, and over 783 others injured), however, it lost some of its momentum, and effectively disbanded following the death of its leader, Shamil Basaev, in July 2006. Together with the broader ‘pacification’ of Chechnya that accompanied Ramzan Kadyrov’s rise to power in the republic – first as Prime Minister, in March 2006, and then as President, from February 2007 onwards – the Kremlin largely considered the Chechen problem solved, and no longer saw Chechen insurgency as a threat to the region or to Russia. As a result, in April 2009, the Kremlin announced an end to its decade-long “counterterrorist operation” (Kontterroristicheskaya operatsiya) in Chechnya.

According to the Candidature File that Russia submitted to the International Olympic Committee (IOC), when bidding for the Games:

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70 This argument is made by Orttung and Zhemukhov, in The 2014 Winter Olympics (2014).
The Government of the Russian Federation retains the ultimate responsibility for Olympic security during the 2014 Olympic Winter Games. The Government of the Russian Federation will establish the ministerial level [sic] Olympic Security Steering Committee (OSSC), under the leadership of the Minister of the Interior. The OSSC will provide strategic policy and guidance on security and intelligence in support of the Games.71

The first security concept detailed that Olympic security preparations would develop through two stages: from 2007 to 2012, and 2012 to 2014. While security during each stage would involve a different set of agencies working within a new framework of institutions, across both stages, security was to be provided by one regional law-enforcement agency: the Sochi Police Department. No federal agencies were involved in the first stage (2007-2012), although military forces could be added on an ad hoc basis. Federal agencies, however, were integral to the second stage (2012-2014). See Figure 1 for the organisational structure for the first phase (2007-2012).

According to the first security concept, military preparations for the Games would start during the second period (2012-2014). Alongside civil organisations, the Olympic Security structure for the second period would include three military branches: the Ministry of Internal Affairs (MVD), responsible for “airspace, maritime and vital national infrastructure security, specialist security functions, and resources for disaster management”; the Federal Border Service (FBS), responsible for “seal[ing] and protect[ing] the borders of the Russian Federation”; and the Federal Security Service (FSB), responsible “for national security and intelligence functions, including anti-terrorism and border control”.72 See Figure 2 for the organisational structure for the second phase (2012-2014).

However, the second period started in 2010, two years earlier than planned.

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72 Ibid.
Figure 1: Olympic Security strategic planning structure: 2007-2012

- Special Operations (Tactical)
- Bomb Management
- Aviation and Air Space Control
- Dignitary and Athlete Protection
- Public Order
- Border Protection

Ibid. 24.
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Figure 2: Olympic Security organisational structure and operations: 2012-2014

- Olympic Intelligence Centre (OIC)
- Accreditation
- Senior Staff Officers from Federal Ministries
- Counterterrorism
- Threat and Risk Assessment

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74 Ibid. 27.
2010: The Second Security Concept

In October 2007, three months after Sochi was awarded the Olympic Games, Doku Umarov (who had assumed the leadership of the Chechen insurgency after the death of Shamil Basaev) proclaimed his intention to establish an Islamist Caliphate, the Caucasus Emirate, across the whole of the North Caucasus – including Krasnodar Kray, where Sochi is located.

The Kremlin did not initially take the threat posed by the Caucasus Emirate seriously. Authorities did not, for example, employ special measures to secure the Olympic venues between 2007 and 2009, and, as has already been noted, the Kremlin ended its “counterterrorist operation” in Chechnya in 2009. While the reasons for this are no doubt manifold, one key factor is that the Kremlin believed that the Caucasus Emirate was nothing more than an old Chechen insurgent organisation functioning under a new name. In one respect, it was: the Caucasus Emirate effectively re-established Basaev’s ‘Riyadus-Salikhin Reconnaissance and Sabotage Battalion of Chechen Martyrs’ (also known as the ‘Riyad-us Saliheen Brigade of Martyrs’). In a number of other respects, however, the Emirate is markedly different.

The Kremlin began to understand the threat posed by the Caucasus Emirate from November 2009 onwards, following the terrorist attack on the Nevsky Express train travelling between Moscow and St Petersburg; 25 people were killed, and 87 injured.

Realising that it was unable to secure the whole North Caucasus region, in January 2010, the Kremlin re-drew the administrative boundaries of southern Russia, creating the NCFD. As already noted, Krasnodar Kray, the district within which Sochi is located, was separated from the North Caucasus republics, the centre of geopolitical instability.

Months later, in March 2010, two female suicide bombers blew themselves up on the Moscow Metro, killing 40 people and injuring over 100 others. In reaction to this, as well as to broader instability in the North Caucasus republics, President Medvedev issued a decree in May 2010, entitled, On providing security during the XXII Winter Olympic Games and XI Paralympic Winter Games of 2014 in Sochi. Not only did the decree bring forward, from 2012 to 2010, the creation of a unit – called the ‘Operational Support’ – within the security concept, it also appointed the director of the FSB (rather than the MVD, as had been indicated in the Candidature File) as head of the ‘Operational Support’.

2013: The Third Security Concept

As the Caucasus Emirate became increasingly active outside of the North Caucasus republics, and Doku Umarov – the leader of the Emirate – began to discuss attacking the Olympic Games, Russian authorities started to worry about the threat posed by Islamist insurgents. In this context, in December 2012, authorities announced that individuals wishing to attend ‘Sochi 2014’ could volunteer to obtain a so-called ‘Spectator Pass’. The Pass, it was stated, “is issued free of charge for the purpose of providing security for all Ticket Holders”. The announcement represented the third Olympic security concept.

After being successfully tested at the 2013 IIHF Ice Hockey Under-18 World Championships (held in Sochi in April 2013), the Pass was made mandatory for all those attending ‘Sochi 2014’.

In order to attend Olympic events and enter the Olympic park, every spectator – from children aged two years and over – needs to obtain a ‘Spectator Pass’. To do so, it is necessary to upload one’s personal data to the website, https://pass.sochi2014.com. The Olympic organising committee (OOC) determines “personal data” to be:

76 ‘Derailed Nevsky Express train was blown up - law enforcement source’. RIA Novosti. 28 November 2009. Available at: http://en.rian.ru/russia/20091128/157015151.html.
any information related to an individual defined or being defined by such information, including citizenship, family name (surname), [first and middle] name(s), date and place of birth, gender, ID information, address, photograph, e-mail address, telephone number, etc.\textsuperscript{80}

The use of a ‘Spectator Pass’ is unprecedented in the history of the Olympic Games.

**THE ‘SOCHI 2014’ OLYMPIC SECURITY BUDGET**

Ever since Sochi was awarded the 2014 Winter Olympics, Russia has refused to publicise its security budget. If the Federal Budget on National Defence is any indication (see Table 4, below), however, then the security budget for Sochi is likely to have increased significantly since 2007.

**Table 4: Russia’s federal budget for national defence, 2007-2013**

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
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<th>2012</th>
<th>2013</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>840 billion RUB (US$25.36 billion)</td>
<td>959 billion RUB (US$28.95 billion)</td>
<td>1,211 billion RUB (US$36.56 billion)</td>
<td>1,276 billion RUB (US$38.95 billion)</td>
<td>1,517 billion RUB (US$46.31 billion)</td>
<td>1,655 billion RUB (US$50.52 billion)</td>
<td>2,098 billion RUB (US$64.04 billion)</td>
</tr>
</tbody>
</table>

Source: \textit{Russian State Budget} \textsuperscript{81}

In a meeting with the Russian Security Council, in 2011, President Medvedev estimated that Russia would spend roughly RUB38 billion (US$1.9 billion) on security for the Games.\textsuperscript{82} This figure is more than twice that spent on ‘Vancouver 2010’ (US$900 million). In Olympic history, the only country that has spent more than US$1 billion was Greece (US$1.5 billion), for the 2004 Athens Olympics. While China officially spent US$455 million on security at ‘Beijing 2008’, experts suggest the actual figure was more than 14 times this amount (US$6.5 billion).\textsuperscript{83}

In comparison to the estimated US$1.9 billion spent on security, the number of security personnel planned for ‘Sochi 2014’ is small. Nevertheless, the numbers are still high by Olympics standards. Overall, the Kremlin plans to deploy 37,000 policemen\textsuperscript{84} and over 8,000 other security troops\textsuperscript{85} to guard the Games. This figure of over 45,000 individuals is markedly fewer than the 100,000 people deployed at ‘Beijing 2008’ or the 70,000 people at ‘Athens 2004’; yet, it is still more than the 40,000 security personnel at ‘London 2012’, and the approximately 16,000 personnel at ‘Vancouver 2010’. There are reasons to believe, however, that the number of security personnel deployed at ‘Sochi 2014’ will be bigger than announced, not least because these figures do not include the approximately 20,000 to 30,000 soldiers who will be on call in case of emergencies.

The apparent disproportion between the number of security personnel and the cost of security is explained by the fact that the overall cost is inflated by the cost of individual vehicles and other equipment that, once the Olympic Games are over, will go into regular service with the military forces, which is to say: the Air Force, Army, and Navy.

**Air Force**

When Sochi was awarded the Olympics, in 2007, Russia’s two main Air Force formations in southern Russia were
the 4th Air Army and the 5th Air Army. These two formations were unified in 2009, as the 4th Commandment of Air and Air Defence Forces, which is headquartered in Rostov-on-Don, Rostov Oblast. This Commandment includes the 1721st Missile Rocket regiment, which is stationed in Sochi and provides SA-11 Gadfly rockets for combating cruise missiles, and the 7th Russian Military Base, which is situated in Abkhazia and is equipped with the S-300 missile complex and ‘Pantsir-S1’ surface-to-air missiles.86

In addition, regular air forces are fully established in the area surrounding Sochi. For example, Su-27 fighters, based at the Krymsk airbase, will patrol the skies above Sochi during the Games. These will be supported by border aviation forces and drones.87

**Army**

Russia maintains a significant military presence in its south, in the form of two army divisions. The first is the 58th Army division, which is headquartered in Vladikavkaz, North Ossetia-Alania, and participated in the 2008 Russo-Georgian war. The second is the 49th Army, which is based in Stavropol, Stavropol Kray, and was created following the military reforms initiated by Defence Minister Anatoly Serdyukov in 2008.

Russia’s Army forces for ‘Sochi 2014’ are split in two directions. The first is southward, towards the Georgian border (and, in particular, that with Abkhazia); the second is eastward, towards the North Caucasus republics. While both are directed against possible terrorist threats, the former is regarded as more dangerous than the latter because it involves a hostile country supporting terrorists (whereas the latter only involves terrorists). Moreover, the latter is a scenario that has been faced by Russia for nearly two decades.

With regards the North Caucasus republics, local forces have been strengthened by the temporary addition of new units, including the 34th Mountain Brigade and 247th Airmobile Brigade. Both units could be mobilised to prevent the infiltration of armed rebel groups through the Caucasus Mountains.

With regards Abkhazia, the 7th Joint Military Base of the Russian Armed Forces in Abkhazia was created by Presidential decree, on 1 February 2009. In April 2009, Russia signed a deal with Abkhazia under which Russia and Abkhazia would jointly secure the Abkhaz-Georgian borders from the Abkhaz side.88 18 posts have been installed along the Georgian-Abkhaz border, and Russia has stationed special military regiments in the mountains.

**Navy**

Russia’s maritime presence in southern Russia, the Black Sea Fleet, is one of the largest units of the Russian Navy, and operates out of three bases on the Black Sea: Sevastopol (Ukraine), Novorossiisk (Russia), and Ochamchira (Abkhazia). The Fleet has recent battle experience, from the 2008 war with Georgia, and has been upgraded over recent years: the state military programme for 2011-2012 announced that the Black Sea Fleet would receive 18 new ships, including six diesel submarines, by 2014.89 This has been strengthened by the establishment of a specialist coastal security force of Naval Infantry marines operating from four brand-new Grachonok-class Type 21980 patrol boats. These vessels were developed for the express purpose of operating close inshore, and carry sonar, divers and marines.90

**Police**

Alongside the regular army, roughly 40,000 police forces and policemen will provide security for Sochi, including 10,000 soldiers from the MVD; 3,000 Sochi policemen; and 24,500 policemen from other regions.

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89 Mukhin, V. ‘Abkhazskii Front Sochinskoi Olimpiady’ [Abkhazian front Sochi Olympics]. 11 April 2011.

90 Galeotti and Bowen. ‘Russia gears up for the 2014 Winter Olympics’ (2013).
THREATS TO ‘SOCHI 2014’

Although implicit, part of Russia’s rationale for hosting the Winter Olympic Games in Sochi is the belief that the very act of hosting the Games in the North Caucasus demonstrates the Kremlin’s victory over insurgency in the region, and vindicates the Kremlin’s counterterrorism operations there. By providing security for an event as high-profile as the Olympic Games, it is said, the Kremlin does both.

When Russia submitted its application to host the 2014 Winter Olympic Games to the IOC, in 2006, the country did not specify what type of security threats the Olympics might face, nor from where those threats might come; Russia’s application did not mention any military challenges beyond those associated with terrorist organisations. Although the Olympics will take place in the North Caucasus, Sochi’s application to the IOC focused on the host city itself, stating, “To date, there have been no recorded incidents of domestic or international terrorist acts in Sochi.”

Caucasus Emirate

The Candidature File indicated that the Games face terrorist threats of several kinds, including non-specific threats from terrorist organisations in the North Caucasus. The File stated:

The Ministry of the Interior and the Federal Security Service (FSB) work to pre-emptively disrupt illegal activities being planned or conducted by Illegal Armed Groups based in territories in proximity to the Russian state border.

The Russian Federation […] places a high priority on anti-terrorism strategies within the domestic security agenda. Much of the recent terrorist activity in the North Caucasus and Moscow areas can be attributed to Chechen illegal armed groups.

Perhaps the most significant terrorist threat comes from the Caucasus Emirate. The Caucasus Emirate has its origins in the radicalisation of the Chechen separatist movement – led chiefly by Shamil Basaev, under the banner of the ‘Riyadus-Salikhin Reconnaissance and Sabotage Battalion of Chechen Martyrs’ – during the period of Chechnya’s de facto independence from Russia, between 1996 and 1999. After carrying out high-profile attacks in 2002 (the Nord-Ost theatre siege, in which at least 170 people were killed and over 700 others injured) and 2004 (the Beslan school hostage siege, in which at least 385 people were killed and over 783 others injured), the movement went underground, and was assumed to have been vanquished at the time that the Olympics were awarded to Sochi. However, the Chechen insurgency re-emerged in October 2007, under a new name (the Caucasus Emirate), with the goal of establishing an Islamist Caliphate across the entire North Caucasus region.

The establishment of the Caucasus Emirate, in 2007, led to a widening of the geographical scope of insurgency within the North Caucasus; insurgency now spread from Chechnya and Dagestan, westwards. While Putin had claimed, in July 2007, that Sochi’s hosting of the Olympics would vindicate his message that Russia had defeated terrorism in the North Caucasus, Russian authorities, from October 2007 onwards, realised that they would not be able to stabilize the North Caucasus before 2014. Between 2008 and 2009, the number of people killed as a result of terrorist attacks in the North Caucasus increased from 522 to around 900. Such attacks were not confined to the North Caucasus, either. In November 2009, a bomb exploded on the Nevsky Express train, as it made its way between St Petersburg and Moscow, killing 27 people.

In this context, in January 2010, the Kremlin divided the Southern Federal District into two separate districts: the North Caucasian Federal District (NCFD) and the Southern Federal District (SFD).

The authorities’ recognition of their inability to stabilize the North Caucasian republics proved right. Although the number of people killed in the North Caucasus as a result of terrorist-related activity has declined, it has remained

92 Ibid.
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high. In 2010, 754 people were killed in the region;96 in 2011, this figure fell to 750 people;97 and, in 2012, it decreased further – to 700 people.98 The overwhelming majority of those individuals killed (1,167 of 1,874 people) over this period were killed by Russian state forces, on suspicion of being terrorists.

Over recent years, Doku Umarov has made a series of threatening statements towards Sochi. In 2010, he called it an “occupied city” and declared that “Krasnodar Krai, as the infidels call it, is in fact the land of our brothers, the finest brothers and the best Muslims in this world.”99

Most notably, in mid-2013, Doku Umarov revealed his intention to “prevent” the Olympic Games from taking place, and called on supporters to use “maximum force” to achieve this goal. Umarov stated:

They [Russia] plan to hold the Olympics on the bones of our ancestors, on the bones of many, many dead Muslims buried on our land by the Black Sea. We as mujahideen are required not to allow that, using any methods that Allah allows us.100

This may already have started. On 21 October 2013, a female suicide bomber killed 8 people in Volgograd, southern Russia. On 27 December, two people were killed following a car bomb explosion in Pyatigorsk, southern Russia. On 29 and 31 December 2013, meanwhile, two suicide bombings took place in Volgograd. The first took place at the central train station and killed 17 people, while the second took place on a trolleybus and killed 14 people.

While the language and tactics used by the Caucasus Emirate suggests connections with al-Qaeda, it is not clear how much control the global jihad network has over the Emirate.

Russo-Georgian Border

The Candidature File identified another potential threat “from groups based in the territories adjacent to the Russian state border.”101 This refers to the Russo-Georgian border, which is fewer than 13 miles from Sochi. In particular, it refers to Abkhazia.

When, in 2007, Sochi was awarded the 2014 Olympics, Georgia had been involved in a territorial dispute with the secessionist state of Abkhazia for at least 15 years. Between 14 August 1992 and 27 September 1993, Abkhazia and Georgia fought a bloody war in which the former claimed independence from the latter. The war ended in stalemate, and in the years that followed its ending, Abkhazia was nominally independent within Georgia. Following the Russo-Georgian war of August 2008, which resulted in Russia’s recognition of the independence of South Ossetia and Abkhazia, the Kremlin began to regard Georgia as a direct threat to ‘Sochi 2014’.

After the August 2008 war, Georgia became openly hostile to the Olympic Games; in September 2008, Georgia declared Sochi to be “a very dangerous place”,102 and appealed to the IOC to move the Olympics to another city because of security issues. In May 2010, meanwhile, the Georgian Parliament recognised the fighting that took place in Sochi, in the nineteenth century, as a “genocide” carried out by Tsarist Russia against the Circassian people. This was an attempt by Georgia to force the IOC to recognise the event as “genocide”, as doing so would mean that Sochi violated Article 1 of the Olympic Charter, whereby Games are not to be held in a location where genocide has been committed.103 Georgia’s actions undoubtedly led to a worsening of its relations with Russia. In February 2011, President Dmitry Medvedev stated that Russia has “certain problems with its neighbour Georgia”,

98 ‘In 2a, 1225 persons suffered in the course of the armed conflict in Northern Caucasus’. Kavkazskii Uzel. 21 January 2013. Available at: http://eng.kavkaz-uzel.ru/articles/23823/.
and demanded that the security forces prevent any provocations before ‘Sochi 2014’.

Like many de facto states, the principal concern about Abkhazia is security. Prior to the 2008 Russo-Georgia war, Russia believed that terrorists might penetrate Sochi from Georgia, through Abkhazia. Following the 2008 war, this threat intensified, despite the fact that Russia effectively occupies the republic. In October 2008, FSB Director Alexander Bortnikov stated that the FSB had information about the threat of terrorist acts from the Russian border with Abkhazia. In addition, there have been reports that the Caucasus Emirate has tried to penetrate the region, while the terrorist cell there, Jama’at Abkhazia, was liquidated in 2011-2012. At the same time, other terrorist organisations are operating in the region. In July 2011, the FSB announced that roughly 70 insurgents had penetrated Dagestan from the Pankisi Gorge – a valley in northeastern Georgia, bordering Chechnya – after receiving training in terrorist camps in Georgia from Arab instructors. In November of the same year, Chechen President Ramzan Kadyrov stated that several insurgents killed in Chechnya had been carrying Georgian passports. Russian authorities have also accused Georgia of supporting the Caucasus Emirate and other terrorist organisations. When Russian forces found a cache of weapons in Abkhazia, in February 2012, they cited the discovery as evidence of Georgia’s collusion with terrorists.

Other Threats

Russian Nationalists and Neo-Nazis

There are many worrying developments in the contemporary Russian nationalist movement. This is visible in the ethnic riots in: Kondopoga in 2006, Stavropol in 2007, Manezhnaya Square, Moscow in 2010, and Biryulyevo, Moscow in 2013. The central threat to the Olympics is what is often called ‘violence motivated by racial hatred’. While incidents of racist and neo-Nazi attacks in Russia have decreased since 2007 (when there were 716 attacks), their number in 2012 remained disturbingly high (206 attacks). In Sochi, this threat is likely to be manifest in attacks by nationalists and neo-Nazis against dark-skinned tourists and athletes.

Cossacks

Ideologically aligned with Russian nationalists and some neo-Nazis, the Cossack movement is characterised by: an aggressive racist ideology; a history of anti-Semitism; and homophobia. The Kuban Cossacks – those Cossacks in Krasnodar Kray – are characterised by strong anti-North Caucasus and anti-Muslim sentiments, and, since 2005, have begun to co-ordinate with neo-Nazis and skinheads. In 2012, Krasnodar Kray governor Aleksander Tkachyov enlisted Cossacks into the regional police force and defended this decision by reasoning that “what the police can’t do, a Cossack can”. In July 2013, Krasnodar Kray authorities announced that Cossacks would provide additional security during ‘Sochi 2014’, this is ominous for non-white and LGBT athletes and tourists.

Non-ideological threats

An additional threat facing ‘Sochi 2014’ is from individual citizens without any particular political agenda. Between


2007 and 2011, Zhemukhov and Orttung note, there were 19 terrorist acts committed in Sochi. Of these, 12 were carried out by non-political figures, including: a Russian police officer; a former Russian military officer; and a pensioner. Only two acts were blamed on an individual from Chechnya, the main source of insurgency since 1991.

4. HUMAN RIGHTS

The Sochi 2014 Winter Olympic Games will take place amid the fiercest crackdown on human rights in Russia since 1991. While human rights have been deteriorating in the country for at least a decade, the Russian authorities’ assault on basic freedoms and undermining of the rule of law has intensified since President Vladimir Putin returned to the presidency in May 2012. In July 2012, President Putin signed a law obligating NGOs receiving overseas funding and involved in undefined “political activities” to register as “foreign agents”; while, in mid-2012, libel was re-criminalised, eight months after its decriminalisation under former President Dmitry Medvedev. Such attacks on freedoms of expression have been accompanied by other legislation that gives the government power to blacklist and block websites publishing so-called “extremist” materials or anything considered harmful to public health, morals, or safety.

The human-rights situation in Russia clearly contradicts the principles of equality and non-discrimination that are at the core of the Olympic movement, and which are enshrined in Principle six of the Olympic Charter.

This section of the report analyses the human-rights situation surrounding ‘Sochi 2014’. The first sub-section examines migrant workers (noting how their role in the Olympics has shifted from being essential to construction, to superfluous – owing to security concerns). The second sub-section describes forced evictions, drawing attention to the chaotic nature of land and property ownership in the 1990s. The third sub-section discusses how federal and regional authorities have sought to restrict journalists, activists, and other critical voices on the Olympics. The final sub-section draws attention to Russian authorities’ treatment of the Lesbian, Gay, Bisexual, and Transsexual (LGBT) community.

**MIGRANT WORKERS**

Given the widespread economic dislocation that has characterised southern Russia since 1991, the awarding of the 2014 Winter Olympic Games to Sochi has provided a much needed boost to the region. One of the least economically developed part of the former Soviet Union, the regional economy of the North Caucasus contracted by between a quarter and a fifth during the 1990s, as centres of economic activity moved to new locations. As geopolitical instabilities in the North Caucasus republics – in particular, the two Chechen wars (1994-1996 and 1999-2002) – spread from the mid-1990s onwards, Krasnodar Kray assumed a dominant position in a number of industries that were once held by Chechnya and the other republics. In addition, flows of finance; investment; and trade moved to Krasnodar Kray. Already an important trading hub in the North Caucasus, these flows have seen Krasnodar, the capital of Krasnodar Kray, emerge as the economic centre of southern Russia: Forbes, for example, has rated Krasnodar as the best city in Russia for business, for the past few years.

As capital investment has flowed into Krasnodar Kray, from Moscow and further afield, well-established patterns of migration have intensified, and new patterns of migration have emerged. Many of these new patterns are focused on Sochi, and began in the year following the International Olympic Committee (IOC)’s decision to award the 2014 Winter Olympic Games to the city.

As the figures in Table 5 suggest, the number of migrants moving to Krasnodar Kray almost doubled – from 85,437 in 2006, to 155,794 in 2011 – albeit, the increase was not uniform. The relative share of migrants has remained firmly in the favour of domestic migrants (who accounted for approximately 85% of migrants in 2007, and approximately 89% in 2011). The figures for domestic migrants are not disaggregated by place of origin, and thus it is impossible to know where these individuals are from; it is likely, though, that a large number were initially from the North Caucasus republics, where economic dislocation is widespread and levels of unemployment are the highest in Russia. In 2012, for example, the unemployment rate in Ingushetia was 47%; Chechnya was 29%; and Dagestan was 11%... these are official figures, and actual levels of unemployment are likely to be much higher. In 2011, however, an unofficial ban was placed both on companies from the North Caucasus republics participating...
in public tenders for construction works, and on construction companies hiring workers from the North Caucasus republics.\textsuperscript{118}

Table 5: Figures for in-migration, Krasnodar Kray, 2006-2012

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Number</th>
<th>Origin</th>
<th>Including from Russia</th>
<th>Including from Krasnodar Kray</th>
<th>Including from other regions</th>
<th>Including from foreign countries</th>
<th>Including from CIS and Baltic States</th>
<th>Including from other countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>85,437</td>
<td>77,086</td>
<td>32,912</td>
<td>44,174</td>
<td>8,351</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>2007</td>
<td>100,582</td>
<td>85,839</td>
<td>36,869</td>
<td>48,970</td>
<td>14,743</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>2008</td>
<td>92,717</td>
<td>79,604</td>
<td>34,905</td>
<td>44,699</td>
<td>13,113</td>
<td>12,583</td>
<td>530</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>78,732</td>
<td>68,474</td>
<td>29,336</td>
<td>39,138</td>
<td>10,258</td>
<td>9,864</td>
<td>394</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>84,366</td>
<td>77,983</td>
<td>31,591</td>
<td>46,392</td>
<td>6,383</td>
<td>5,460</td>
<td>923</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>155,794</td>
<td>139,768</td>
<td>51,814</td>
<td>87,954</td>
<td>16,026</td>
<td>12,962</td>
<td>3,064</td>
<td></td>
</tr>
</tbody>
</table>

Source: Russian Federation Federal State Statistics Service\textsuperscript{119}

At the same time, the number of foreign migrants moving to Krasnodar Kray increased by almost 75\% between 2006 and 2007, before decreasing by over 50\% between 2008 and 2010. This pattern roughly overlaps with the emergence of the Caucasus Emirate, in October 2007, and (i) the decision by Olympic organisers to isolate Sochi from the North Caucasus, with the creation of the North Caucasian Federal District (NCFD) in 2010; and (ii) increasing concerns that members of the Emirate might infiltrate construction sites and, in doing so, lay the groundwork for terrorist attacks to be committed during the Games. From late 2010 onwards, however, authorities began to realise that, without migrant workers from Central Asia, there were not enough workers on construction sites, and that Olympic infrastructure might not be completed on time.

Nevertheless, the concern over the Caucasus Emirate remained. As a result of the 2011 unofficial ban on construction companies hiring workers from the North Caucasus republics,\textsuperscript{120} the number of foreign migrants increased nearly three-fold between 2010 and 2011.

Foreign migrants have overwhelmingly been citizens from the Commonwealth of Independent States (CIS) and from the Baltic states, which is to say the countries of the former Soviet Union. In 2008, migrants from these countries accounted for 96\% of foreign workers; in 2011, this figure was 80\%. One reason for this is that it was initially easier for citizens from the former Soviet Union to find work in Sochi, because they do not require a visa to enter Russia and can stay in the country for 90 days (during which time, they can find employment and, in doing so, gain permission to stay longer). Since 2012, however, Russian authorities have begun to restrict immigration. In December 2012, the Duma passed a tough new law on immigration,\textsuperscript{121} and, in December 2013, the head of the Federal Migration Service stated that citizens from the CIS who did not state that they were seeking employment when they entered the country would not be given permission to work.\textsuperscript{122}


\textsuperscript{121} ‘Russia to have tougher immigration laws’. The Voice of Russia. 26 December 2012. Available at: http://voiceofrussia.com/2012_12_26/Russia-to-have-tougher-immigration-laws/.

\textsuperscript{122} ‘Migrants, skryvshiye tseli priyezda, mogut ostat'sya bez raboty’ ['Migrants who concealed the purpose of their arrival, may be left without work']. Pravda.ru. 2 December 2013. Available at: http://www.pravda.ru/news/economics/02-12-2013/1184060-rules-0/.
Authorities announced in 2009 that they intended to attract around 200,000 migrant workers (gastarbeiters) from elsewhere in Russia and the countries of the former Soviet Union, to assist with Olympic projects in Sochi.\textsuperscript{123} To achieve this, authorities advertised the liberal conditions required for registering and working on Olympic facilities, and even proposed making changes to the law to make it easier for foreign workers to find employment. This, it was suggested, would build on Putin’s early liberalisation of Russia’s migration policy, which took place in 2005. Such changes, however, were never made.

Workers from a number of other countries, such as Turkey and Serbia, were employed by special invitation of the Olympic organisers. In the case of Turkey, in May 2009, Prime Minister Putin signed an agreement with Turkish Prime Ministers Recep Tayyip Erdoğan that would allow Turkish workers to participate in the preparations of Sochi for the Games. Erdoğan claimed, “The 2014 Olympics expect us and […] Turkish construction companies are among the leaders in the world market.”\textsuperscript{124}

Most of these Turkish migrants were tied to specific Olympic construction projects, and followed a well-trodden path of migration. In the period between 2000 and 2008, the number of “project-tied” Turkish migrants to Russia increased from 2,199 to 15,696, and their value to the Russian economy increased from US$181 million to US$3.387 billion.\textsuperscript{125}

Because they enjoy preferential visa access to Russia, and mostly speak Russian, migrants from the former Soviet states were initially seen as ideal workers on various construction sites in Sochi. Indeed, the existence of significant communities of Central Asian and Slavic peoples in Krasnodar Kray (see Table 6), which are both a legacy of demographic engineering and a result of post-Soviet migration patterns, was highlighted in Sochi’s Candidature File.\textsuperscript{126} The existence of such communities, it was reasoned, meant that migrant workers would not be, so to speak, out of place in Sochi.

| Table 6: Ethnic Composition of Krasnodar Kray population, 2002 and 2010 |
|---------------------------------|-----------------|-----------------|
| Russians                        | 4,436,272       | 4,522,962       |
| Armenians                       | 274,566         | 281,680         |
| Ukrainians                      | 131,774         | 83,746          |
| Tatars                          | 25,589          | 24,840          |
| Greek                           | 26,540          | 22,595          |
| Georgian                        | 20,500          | 17,826          |
| Belarus                         | 26,260          | 16,890          |
| Others                          | 183,720         | 154,451         |

Reflecting the multi-national composition of Krasnodar Kray’s population, Sochi’s population (which, in 2010, stood at 343,334 people) is dominated by ethnic Russians (282,072 people, or 69%), but with sizable communities of Armenians (81,045 people); Ukrainians (9,240 people); Georgians (8,190 people); Adyges (4,282 people); and others.

Actual figures for migrants working at Olympic construction sites are difficult to obtain, due to Russian state secrecy. Nevertheless, it is possible to piece together data from various sources. According to data provided by Olympstroy, there were 12,959 workers from other Russian regions, and 7,339 foreigners, working on Olympic facilities in 2011.\textsuperscript{127} Table 7 shows the nationalities of these foreign workers. A year later, in 2012, Human Rights


\textsuperscript{124} Ibid.


Watch estimated that there were 16,000 migrant workers, although this figure was not broken down by nationality. In 2013, meanwhile, the *Associated Press* reported that as many as 50,000 foreigners may be working in Sochi without permits.\(^{128}\)

As Table 7 shows, many of these workers are from Uzbekistan, a former Soviet republic in Central Asia. Uzbekistan has been moving to a market-based economy since 1991, and progress, initially slow, has been rapid over the last decade. GDP has increased more than five-fold since 2002: from US$9.68 billion, to US$51.11 billion in 2012. While levels of unemployment are low – officially, between 6% and 7% – underemployment is widespread, particularly in agriculture (which accounts for one-fifth of the economy). Because of this, many Uzbeks have migrated to Russia in search of employment. While Uzbekistan’s Ministry of Labor does not publish information on Uzbek citizens working abroad, Russia’s Federal Migration Service suggests that there are roughly 2.5 million Uzbeks working in Russia. Such is the extent of Uzbekistan’s foreign labour force that remittances constitute 9.2% of the country’s GDP (or account for roughly US$4.7 billion).\(^{129}\)

| Table 7: Foreign workers at the Sochi facilities in 2011, by nationality |
|---------------------------|------------------|
| **Country**               | **Workers**      |
| Uzbekistan                | 2,338            |
| Ukraine                   | 886              |
| Belorussia                | 593              |
| Turkey                    | 546              |
| Bosnia and Herzegovina    | 541              |
| Moldova                   | 511              |
| Tajikistan                | 480              |
| Serbia                    | 317              |
| Kyrgyzstan                | 187              |

Source: Sochi1.ru\(^{130}\)

Among the contractors and companies managing Olympic construction projects are Gazprom (the state-owned gas company); Interros (a large conglomerate controlled by Vladimir Potanin, and with interests in mining, metals, energy, real estate, and other sectors), Noviy Gorod (a construction company), Basic Element (an investment company owned by Oleg Deripaska), Russian Railways (a state-owned company), and Olympstroy (the Olympic Construction Company). Most, if not all, companies officially adhere to international and national labour laws. In its 2010 report on sustainable development and environmental responsibility, for example, Olympstroy stated that the company “maintains a high level of labour protection, labour and social guarantees” for “employees of contractors” at Olympic construction sites.\(^{131}\) This message was repeated by Olympstroy in its report on sustainable development and environmental responsibility in 2012. The report stated:

> Olympstroy guarantees fulfillment [sic] of all undertaken obligations to its own personnel and undertakes to strictly control contractors on issues of fulfillment [sic] of social guarantees and safety of workers on construction sites.\(^{132}\)

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Nevertheless, migrant workers at Olympic and other construction sites in Sochi were, according to Human Rights Watch,133 subjected to a range of abuses and exploitation by employers. Examples of this include: failing to pay full wages; excessively delaying payment of wages, and failing to pay any wages at all; withholding identity documents, such as passports and work permits; failing to provide written employment contracts (trudovoi dogovor), or failure to respect terms of a contract; and requiring excessive working hours and providing little time off. Workers at Olympic sites were expected to work 12-hour shifts (8am to 8pm, or 8pm to 8am), seven days a week, with only one hour for meals and for changing into and out of work gear, and with – at most – only one day off every two weeks. Many workers also had their first month’s wages withheld from them, and received their first payment only after working for two months.

Because employers have hired migrant workers without providing them with contracts or copies of contracts, workers have had difficulty proving employment relations before a court of law. Thus, workers have had few legal options to challenge these deductions or seek redress from wage-related violations. Symptomatic of this, Human Rights Watch quote Radmilo Petrovic, a 32-year-old worker from Serbia, who worked for the Noviy Gorod construction firm from June 2010 to January 2011.134 He stated that, during the eight months he was there, he did not receive a full monthly wage:

> Instead of real wages, I only ever received small allowances from them, a little bit here or there, a few thousand rubles at a time.

Russia’s treatment of its migrant workers did not stop at simply not employing migrant workers, or allegedly exploiting them; rather, coinciding with the Russian authorities’ increasing sensitivity that ‘Sochi 2014’ might be targeted by terrorists, it began to deport foreign workers from 2010 onwards. In November 2011 alone, 82 migrant workers from Uzbekistan were deported from Sochi.135 In 2012, over one-fifth of foreign workers deported from Russia were deported from Krasnodar Kray,136 with another 1,908 foreign workers being deported from the same region in the first nine months of 2013.137

As The Economist has noted,139 Human Rights Watch holds Olymstroy responsible for (i) co-ordinating all Olympics-related building projects, and (ii) the abuse of migrant workers. Olymstroy claims that its officials conducted more than 1,300 inspections of construction sites in Sochi, in 2011 and 2012, and that the overwhelming majority of violations that it found related to workplace safety rather than working conditions. Over this two-year period, Olymstroy only received five complaints relating to wage payments, each of which was quickly resolved.

**FORCED EVICTIONS**

The issue of forced evictions has characterised ‘Sochi 2014’ almost from the start.141 This has been complicated by the chaotic transition from communal landownership in the Soviet Union, to private-property ownership in post-Soviet Russia.142 Illegal during the Soviet period, a private-property regime only emerged in Russia in the early 1990s. One legacy of the Soviet period is the widespread informal (de facto) ownership of land and housing throughout Russia. While, during the Soviet period, proprietors received their land and/or housing from the Soviet state and were considered legal owners by Soviet law, as land and property ownership was reformed in the 1990s...

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133 ‘Race to the Bottom’. Human Rights Watch. 6 February 2013. Available at: http://www.hrw.org/reports/2013/02/06/race-bottom.
139 ‘Race to the Bottom’. Human Rights Watch. 6 February 2013. Available at: http://www.hrw.org/reports/2013/02/06/race-bottom.
140 ‘ООО "Олимпстрой"’. Available at: http://www.olphq.ru/.
proprietors were forced to acquire private-ownership (de jure) rights. For years, Krasnodar Kray authorities—much like authorities elsewhere in Russia—ignored the lack of formality in the system, despite the reforms. In Sochi, however, this changed when the land was needed for Olympic venues and infrastructure.141

In late 2007, federal authorities introduced the so-called “Olympic” law,144 which amended a number of pieces of federal legislation—in particular, the Land, Civil, and Housing Codes. Chapter 3 of the “Olympic” law (entitled, ‘Special Considerations Relating to the Regulation of Urban Development and Land Relations in Connection With the Organisation and Holding of the Olympic Games and the Paralympic Games’) simplified and streamlined the procedure of expropriating housing and land from their owners.145 Article 15 set out the following stages of expropriation after Krasnodar Kray authorities had decided to expropriate particular land / property and the owner had been notified:

• Within seven days, the owner was required to sign an agreement with a company, which must have been selected from a list provided by Olympstroy, that would appraise the value of the land / property.

• Within 30 days of signing the appraisal contract, the appraisal company would submit its assessment report, a copy of which was sent to the land / property owner.

• Within 20 days of the assessment report being submitted, an agreement on expropriation terms was to be drafted and sent to the land / property owner.

• Within the following two months, either:
  • The expropriation agreement would be signed, and the land / property would be expropriated and the indemnity paid
  • Or, if the owner refused to sign the agreement, Krasnodar Kray authorities would take the case to court and demand a forceful expropriation.

An important provision in the “Olympic” law concerned the expansion of those who could be compensated for the expropriation of their land / property. The right to indemnification was granted not only to private proprietors with formalized ownership right, but also to those who had land in permanent (perpetual) use or on a leasehold basis.146 The “Olympic” law thus provided equal rights to private owners and users and proprietors of land plots. Moreover, it endowed even those with de jure ownership with a right to claim compensation.

Enforcing the “Olympic” law has proved difficult, particularly in the case of de facto proprietors. While the “Olympic” law placed the final decision on granting de jure ownership rights with the courts, for them to be able to make this decision required the proprietors to first formalize their right and expectation of being indemnified; the average time taken for the formalization of ownership rights is somewhere between six months and three years. The “Olympic” law did streamline the expropriation mechanism, but contained no such provisions for the mechanism of legalizing informal property.

Faced with the dilemma of either violating domestic law, in order to start the construction of Olympic venues on time, or waiting for the required legal framework to be developed (and have informal proprietors legalize their ownership rights, which would have put construction terms under risk), the Olympic organizers went with the former.

The situation in the Imeretinskaya Lowland area of Sochi, the first neighbourhood to see evictions, is instructive of the wider situation. In the early 2000s, according to estimates, fewer than 10% of residents had legal ownership of their properties, while the rest were de facto proprietors.147 Many of the de facto were either Old Believers (staroobryadtsy), who had moved to the area in the Tsarist period, or so-called ‘samovolshchiki’ (non-authorised settlers),

145 Ibid. 15.
146 Ibid. 7.
who were mostly refugees and had arrived in Sochi in the late 1980s and 1990s after conflicts broke out in Abkhazia, South Ossetia and Nagorno-Karabakh. As early as late 2006, authorities in Krasnodar Kray began to clamp down on *samostroi* (unauthorised construction) in the Lowland. In autumn 2007, Aleksander Tkachyov, Governor of Krasnodar Kray, stated that only 20 to 25 land plots would be expropriated in the Imeretinskaya Lowland for Olympic construction. From 2008 onwards, however, the number of plots targeted for expropriation grew significantly; Alexei Saurin, Deputy Head of Krasnodar Kray suggested as many as 300 plots would be targeted. As a result, Old Believers and samovolshchiki began to be affected. At the end of 2011, Saurin stated that 3,500 plots would be acquired in Sochi,148 at a cost of RUB15.5 billion (around £0.307 billion) to the state.149

Some Sochi residents responded to the arbitrariness of Olympic officials by taking their cases to court, in order to seek protection of their property interests. Since 2009, however, the gaps in the law have been closed, with the adoption of new construction guidelines. Nevertheless, the delay between expropriation beginning in 2007 and the adoption of new guidelines in 2009 provided some residents of the Imeretinskaya Lowland with an opportunity to legalize their ownership status. As has been documented elsewhere, however, the law, in several cases, has been turned into an instrument of intimidation by authorities.

The appraisal of the expropriated land / property has also proved to be an issue. The “Olympic” law contains a provision that gives *Olymstroy* the right to select appraisers; not only does this exclude land / property owners from influencing the appraisal process, but it also gives *Olymstroy* the opportunity to force appraisals at below market values.150 There have been several ‘waves’ of appraisals in Sochi, with the value of real estate fluctuating between each one. The under-evaluation of land values has impeded individuals who have been evicted from their property from relocating to the Nekrasovskoye village (a residential area to the east of the Olympic Park, and where new housing has been constructed since early 2009 onwards).151 Those unable to move to Nekrasovskoye were placed in temporary housing in Sochi,152 if they were lucky; unlucky individuals were not even offered temporary accommodation.151

**JOURNALISTS**

Given the crackdown and restrictions on the freedom of expression in Russia, it would perhaps be surprising if Russian authorities had not attempted to repress and silence journalists, as well as activists, who might be critical of, or express concerns about, the Olympics. Since 2000, the Committee to Protect Journalists, a New York-based independent organisation, has identified 38 journalists as having been killed in Russia since 2003 (10 of whom have been killed by “military” or “government” officials).154 Its 2013 annual report, *Reporters without Borders*, placed Russia 146th, out of 179 countries, for press freedoms – behind Bangladesh, Ethiopia, and Tajikistan.

In July 2012, Olga Loginova, a Sochi-based journalist, told *Human Rights Watch* that, when she worked for the Maks Media group, editors discouraged her from writing stories critical of the Olympic preparations:

> We [were] not allowed to report on Olympics-related housing problems or do stories about people who had problems after having been resettled because of the Olympics…. I couldn’t write about the protests surrounding the Kudpesta TES [power plant construction]. I wanted to, starting in May 2012 when everything started to happen there. But they refused to publish my material…. I was told [the protests] was a banned subject.153

While authorities have allowed some journalists to report on the Games, others have been attacked and subjected to arbitrary police searches.156 In a particularly egregious example of this, a car containing Nikolai Yarst, an


\[154\] ‘56 Journalists Killed in Russia since 1992/Motive Confirmed’. Committee to Protect Journalists. Available at: http://www.cpj.org/killed/europe/russia/.


\[156\] Ibid.
experienced freelance journalist, was stopped by traffic police in May 2013, en route to an appointment at the Sochi branch of the Investigative Committee. During their search of the car, police allegedly discovered an envelope containing drugs, on the back seat. Yarst was arrested and charged with possession of illegal substances; he was placed under house arrest, where he remains today. In August 2013, Svetlana Kravchenko, a local journalist known for her investigative reporting on local-government corruption, told Human Rights Watch that, as an independent freelance journalist, she faces harassment; threats; and censorship, on a regular basis. In November 2013, meanwhile, the Federal Migration Service detained a Russian journalist participating in a training course run by the German broadcaster, Deutsche Welle, and declared her a "foreign agent".

Russian authorities have also targeted international journalists. While this was visible in the years immediately after Sochi was awarded the Olympic Games, it has increased as the Games have come closer. In late 2013, two Norwegian journalists, who were travelling to Sochi to report on the preparations for the Games, were repeatedly detained and threatened with imprisonment. Between 31 October and 2 November, Oystein Bogen and Aage Aunes, correspondents for Norway’s TV2 television station – the country’s official broadcaster of the ‘Sochi 2014’ Games – were stopped by police six times and detained on three occasions, while reporting on stories in the Republic of Adygea (which borders Sochi to the north). At each stop, the journalists were questioned about their work in Sochi, and, in some cases, about their personal lives; educational backgrounds; and religious beliefs. The journalists were even denied contact with the Norwegian Embassy in Moscow. On 6 December 2013, meanwhile, two journalists from the Czech Republic were arrested by the Federal Security Service (FSB) as they attempted to report on the Games. Since November 2013, meanwhile, Russia has refused to issue a visa to Rob Hornstra, the Dutch photojournalist who won the 2012 World Press Photo prize for his work juxtaposing Olympic construction work in Sochi with the poverty and insurgency in the North Caucasus region.

Organisations involved in documenting abuses have been subject to intrusive government inspections, and online sources that have posted critical materials and opinions have faced highly co-ordinated, disabling Distributed Denial of Service (DDoS) attacks (in which hackers rendered the sites inaccessible). The number of DDoS attacks and the similarity of their targets suggested some degree of co-ordination or direction, possibly by the authorities or their proxies.

In an example of this, Russian law-enforcement agencies, in June 2013, searched the office of Mestnaya (Local) – the outspoken, pro-opposition Sochi newspaper – after charges had been filed against its general director, Oleg Rubezhansky, for violating copyright laws by selling pirated DVDs. All of the newspaper’s computers were confiscated, many of which not only containing the publishing files for the newspaper but also a database containing names of the newspaper’s sources and contacts.

**ANTI-‘LGBT’ DISCRIMINATION**

Emblematic of the broader deterioration in the human-rights situation in Russia is the treatment of the LGBT community. While homosexual acts between consenting men were legalized on 27 May 1993, and homosexuality was removed from Russia’s list of mental illnesses in 1999, these productive steps have largely been reversed. For almost a decade, LGBT individuals have been denied the right to equality; protection from discrimination; freedom of expression; and peaceful assembly, and authorities often fail to prosecute perpetrators of hate crimes against LGBT people.

Between 2006 and 2013, 10 Russian regions passed laws banning the “propaganda of homosexuality to minors”.

163 Hornstra’s work is called The Sochi Project; it can be accessed at: http://www.thesochiproject.org/en/chapters/the-summer-capital.
The law passed in St Petersburg, in 2012, took this further, also banning the propaganda of “bisexuality and transgenderism”. Since 2006, meanwhile, Moscow authorities have banned the ‘Moscow Pride’ gay-rights march.165 In 2012, Moscow authorities banned gay-pride parades in the city, for one hundred years – until May 2112.166 This demonization of the country’s LGBT community seemingly culminated on 30 June 2013, when President Putin approved a federal law banning the “propaganda of non-traditional sexual relations to minors”,167 effectively curtailing LGBT activists’ and individuals’ right to free expression. The Kremlin has argued that such a law simply reflects Russia’s “traditional values”, and that such values should serve as the foundation for human-rights norms.168 Since the passage of the law, there have been a number of violent anti-homosexual incidents.169

Such is the atmosphere of hostility towards LGBT individuals in Russia that the European section of the International Lesbian, Gay, Bisexual, Trans and Intersex Association rates Russia as the “least protective country in Europe for LGBT citizens”, ranking it 49th out of the 49 European countries rated in its annual survey.170

Symptomatic of the Russian authorities’ treatment of the LGBT community has been the way in which they have dismissed successive attempts by LGBT athletes to host a ‘Pride House’ at ‘Sochi 2014’. First organised at ‘Vancouver 2010’, and present at ‘London 2012’, ‘Pride House’ is a temporary location that plays host to LGBT athletes; volunteers; and spectators attending the Olympics and Paralympics in the host city. In 2011, the regional Ministry of Justice in Krasnodar refused the registration of the NGO set-up to organise ‘Pride House’.171 This decision was upheld in March 2012, with Judge Svetlana Mordovina stating that ‘Pride House’ risked inciting “propaganda of non-traditional sexual orientation which can undermine the security of the Russian society and the state, provoke social-religious hatred, which is the feature of the extremist character of the activity.

Russia’s treatment of its LGBT individuals in the years since the awarding of the Olympic Games to Sochi – in particular, its federal law of June 2013 – has led the international LGBT community to call for a boycott of the Olympics. In an open letter of August 2013, to British Prime Minister David Cameron and Chairman of the IOC Jacques Rogge, the famous British actor, Stephen Fry, compared ‘Sochi 2014’ to the Berlin 1936 Olympics in Nazi Germany, and called for a boycott of the Olympics – in protest at the “barbaric, fascist law that Putin has pushed through the Duma”.172 Fry’s call concerned the fact that homosexuals were being made “scapegoats” for the ills in Russian society.

Putin’s federal law is in clear violation of the Olympic Charter, which states that the sixth Fundamental Principle of Olympism is:

Any form of discrimination with regard to a country or a person on grounds of race, religion, politics, gender or otherwise is incompatible with belonging to the Olympic Movement.173

Despite this, the IOC has declared itself satisfied that the law does not violate its charter,174 and has expressed confidence in the re assurance of the Russian government regarding how the law will be enforced during the Games. Russia’s Minister of Sport, Vitaly Mutko, has insisted that Olympic athletes will have to respect the laws of the country while they are in Russia.175

166 ‘Gay Pride Parade Banned for 100 Years in Russia’. Human Rights First. 7 June 2012. Available at: http://www.humanrightsfirst.org/2012/06/07/gay-pride-parade-banned-for-100-years-in-russia.
5. CONCLUSION

The issues surrounding the 2014 Winter Olympic and Paralympic Games in Sochi are manifold. From alleged widespread corruption and documented human-rights abuses, to security threats emanating from the North Caucasus republics and calls for an international boycott, the likelihood of any single issue overshadowing the Games is substantial. For President Vladimir Putin, the threat is not just to the Games itself; it is also personal. Since at least 2006, Putin has staked his reputation on a successful ‘Sochi 2014’.

Given the deterioration in Russia’s relations with the West since 2007, not least as a result of his increased repression of the Russian public since his return to the presidency in 2012, Putin has sought to improve the country’s image in the months prior to ‘Sochi 2014’. This has been cited by commentators as one reason for Putin’s decision to announce a prisoner amnesty on 18 December 2013 (marking the 20th anniversary of Russia’s constitution), which subsequently saw the Greenpeace “Arctic 30” and members of the punk-rock collective Pussy Riot released from jail. Putin’s unexpected pardoning of Mikhail Khodorkovsky on 20 December 2013 is often given as a further example of this. Whatever the truth, these symbolic actions have not significantly improved Russia’s international image. The presidents of France, Germany, and the United States will not be attending the Games, nor will the Prime Minister of the United Kingdom.

A number of issues have overshadowed Russia’s preparations for ‘Sochi 2014’, and chief amongst these is the cost of the Games. From the US$12 billion budget announced in 2006, Russia’s capital investment increased to more than US$27 billion in 2012; these are official figures, and actual expenditure is likely to be much higher. Unofficial estimates put the cost as high as US$51 billion, although there are reasons to be critical of this figure. As might be expected, this has been accompanied by allegations of widespread corruption. Most of the allegations concern individuals and companies with close connections to the Kremlin, and to President Putin in particular. Given that the overwhelming majority of private and public expenditure has been underwritten by the state-owned Vnesheconombank (VEB), these allegations of corruption concern the theft of billions of dollars from the Russian people. The state, however, has not responded in any meaningful way. Only a handful of people have been charged with corruption, and none of these cases has resulted in a conviction.

The security of ‘Sochi 2014’ is also a key issue, and the question remains whether the measures implemented are sufficient. While Olympic authorities passed a Federal Law in 2007, which grants them sweeping powers to create a security zone around the Olympic sites, and have developed their security concept for the Games through three separate stages, each in response to the emergence of new security threats, such is the nature of terrorism that it is impossible to prevent all threats. Undoubtedly, the main danger to the Olympics is posed by the Caucasus Emirate, an organisation that has publicly declared its commitment to stopping the Games from going ahead. Other threats exist, of course, although they pose a less of a risk; these include the threat of racially motivated violence by Russian nationalists, neo-Nazis, and Cossack patrols.

‘Sochi 2014’ will take place amid a long-term crackdown on human rights in Russia. While this crackdown predates the awarding of the Olympics to Sochi, it is because of the Olympics that the crackdown has been manifest most acutely over recent years. Russia’s restrictions on freedoms of expression have been visible in its treatment of journalists attempting to report on the Games. Authorities, meanwhile, have resettled almost 2,000 families from Sochi; but, not all received fair compensation for their properties, and some were forcibly evicted. Allegations of human-rights abuses against both domestic and foreign citizens working on Olympic construction sites have been widespread, with employers failing to pay workers’ wages and confiscating workers’ passports. Given the delay on starting construction of Olympic projects, due to property expropriation and the unofficial bans on Olympic construction companies employing certain groups of workers, construction has been stop-start, and quality has been negatively impacted.

Beyond the human-rights implications, the poor quality of Olympic infrastructure construction poses a threat to athletes, spectators, and tourists alike. Krasnodar Kray has a sub-tropical climate and a recent history of extreme, and often devastating, weather events. In 2009, a hurricane washed away a cargo port that was under construction in Sochi, while, in the summer of 2012, heavy rainfall led to the deaths of more than 150 people in the Kray, mostly in Krymsk. Avalanches are common in Krasnaya Polyana. Much of the Olympic infrastructure has been constructed on land that is vulnerable to such events; the ‘Coastal Cluster’ has been built on marshland (the Imeretinskaya Lowland), while the ‘Mountain Cluster’ has been constructed in previously largely inaccessible mountains (Krasnaya Polyana).
It is important not to see ‘Sochi 2014’ in isolation. The Olympic Games have been framed, by Russia, as a contribution towards – and as reflective of – the country’s broader re-emergence as a great power in international politics. Certainly, this is how Vladimir Putin has portrayed Sochi’s hosting of the 2014 Winter Olympic Games. In this sense, ‘Sochi 2014’ is, substantively, no different to the zero-sum games that Russia has played over recent years in Eastern Europe or the Middle East, or to its muscle-flexing in the Arctic and elsewhere. Rather, the Kremlin argues, Russia’s hosting of the 2014 Olympic Games vindicates this behaviour.
RUSSIA’S OLYMPIC SHAME:
Corruption, Human Rights and Security at ‘Sochi 2014’
By Dr Andrew Foxall

Foreword by John Dalhuisen