

Sochi Is a Sad Reminder of Corruption's Grasp

By [Andrew Monaghan](#)

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Russia's leaders may not be flat-out ignoring the serious damage that endemic corruption does to the country. But the sheer scale and entrenched nature of the problem mean a dedicated, system-wide fight remains one of President Vladimir Putin's most daunting tasks.

Allegations of corruption on a colossal scale have dominated the media ahead of the Winter Olympics in Sochi. Opposition figures, such as Boris Nemtsov and Alexei Navalny, have asserted that the Games were a "thieves' caper," with as much as half of the overall \$50 billion expenditure lost to kickbacks. Accusations of complicity have been leveled at those at the highest levels of power. The International Olympic Committee's Gian-Franco Kasper suggested that one-third of the budget went to corruption, and contracts went to a "construction mafia."

Senior Russian officials, including Putin, have rejected these allegations, saying the figures are misleading since they confuse the total expenditure for the development of Sochi and the

specific spending on the Olympic facilities. They also counter that if the accusers have serious evidence, they should submit it to law enforcement agencies.

In the past, the Russian leadership has been more forthcoming about the problem, even acknowledging that such a problem exists. This was illustrated not least by its attempts to address the issue. In 2010, then-President Dmitry Medvedev ordered the Prosecutor General to investigate Sochi-related corruption. Criminal proceedings were opened and a number of contractors and officials dismissed, even from positions in the Kremlin. Citing sources in the Kremlin, Russian media suggested that Nikolai Mikheyev, head of the Main Control Directorate of the Presidential Administration, and his deputy Sergei Sysolyatin were dismissed, though corruption was officially denied as the reason behind the firings. More recently, in a February 2013 visit to Sochi, Putin delivered a series of public rebukes for delays and cost overruns, and Akhmed Bilalov, vice president of the Russian Olympic Committee at that time, was fired.

The scale of the allegations relating to the Games in Sochi is remarkable indeed. But corruption goes well beyond Sochi, and it pervades Russian life to such an extent that author Dmitry Bykov has called it a "tradition." Officials also acknowledge this, asserting the need to "create a public climate that rejects corruption."

There are several other prominent ongoing corruption scandals. Large sums were embezzled, for instance, from the budget of the preparations for the APEC summit held in the Far East in 2012. Investigations and arrests followed, including of Roman Panov, the prime minister of the Perm region and former deputy regional development minister. Another is the Oboronservis fraud case involving the illegal sale of Defense Ministry property, the investigation of which has engulfed Anatoly Serdyukov, a member of Putin's leadership team, leading to his dismissal as Defense Minister and subsequent criminal charges brought against him.

But corruption goes much deeper and can be said to strike at the very core of the Russian leadership's own strategic agenda. In 2009, Medvedev stated that officials "almost openly" steal a significant portion of money allocated to the North Caucasus, and Chief Military Prosecutor Sergei Fridinsky has suggested that some 20 percent of the state arms procurement budget is misappropriated. The housing and utilities development program is another high priority that Putin himself acknowledges is hampered by significant corruption.

Addressing this widespread problem will therefore be central to achieving the aims Putin set out in his May 2012 edicts. In particular, expenditure needs to be more efficient to meet the extraordinary costs of building the range of infrastructure the country needs, while economic growth remains much slower than the required 5 percent.

Putin has also sought to reinvigorate a broader, long-running anti-corruption drive throughout the country. This drive includes three main elements. First is the reorganization of the relevant official bodies, including the creation of an anti-corruption directorate in the presidential administration, which centralizes the work previously done by several directorates.

Second, a plethora of new legislation has raised the salaries of ministers and other officials while obliging them to declare personal information on incomes and property, and forbidding

foreign banking arrangements. New legislation also covers tenders for state contracts and expenditure.

Third, senior figures such as Sergei Ivanov, Igor Sechin and Alexander Bastrykin have led to major audits of government structures, state companies and law enforcement bodies. Nearly 3,000 civil servants are now subject to legal liability, and 200 have been dismissed, including five from federal executive agencies and some 160 from regional offices of the federal government.

So far, this attempt appears to be having some success, which is acknowledged by an improvement in Transparency International's ratings. But legislation, dismissals and arrests are one thing, while punishment is another. Vyacheslav Dudko, an ex-regional governor and member of United Russia, was sentenced to 9 1/2 years in prison, but he remains in a small minority: Just 8 percent of those found guilty of taking bribes are in jail.

Given the scale of the problem, the anti-corruption campaign will take considerable persistence to succeed. It will also require careful balancing in three ways. First, it will require the balancing of resources since the necessarily large scale of the campaign absorbs much of the leadership's time and resources that are also required elsewhere. Second, it requires careful political balancing: as is so often the case with such projects, it offers opportunities to settle scores and build bureaucratic empires.

Finally, corruption sits at the core of the Russian body politic. Previous anti-corruption drives have run aground in part because they have constricted the heart of that system so much that the economy just stopped: the operation was successful, but the patient died. The difficult but central task before the Russian leadership right now is figuring out how to operate successfully but also keep the patient alive.

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