

**ST. PETERSBURG INTERNATIONAL ECONOMIC FORUM**  
**JUNE 20–22, 2013**

**Russia's New Horizons**  
**THE FUTURE LEGACY OF RUSSIAN MEGA-SPORTS EVENTS**  
**Roundtable**

**JUNE 21, 2013**  
**17:15–18:30, Pavilion 5, Conference Hall 5.3**

**St. Petersburg, Russia**  
**2013**

**Moderator:**

**Yulia Bordovskih**, Writer, Journalist, Distinguished basketball player

**Panellists:**

**Donald Almeida**, Vice-Chairman, Clients and Markets, PwC

**Alex Atzberger**, Senior Vice President of Representative Office in Shanghai,  
SAP AG

**Jason Cahilly**, Executive Vice-President of Strategy and Chief Financial Officer,  
National Basketball Association

**Dmitry Chernyshenko**, President, ANO Organizing Committee Sochi 2014

**Erick van Egeraat**, Architect, Designed by Erick van Egeraat

**Sergey Kushchenko**, First Vice-President, International Biathlon Union; Member  
of the Board of Directors, Brooklyn Nets

**Alexander Zhukov**, First Deputy Chairman, State Duma of the Russian  
Federation

## **Y. Bordovskih:**

Good afternoon, ladies and gentlemen! Russia will be hosting several large sports events in the next five years. Soon, the Universiade in Kazan will take place, and then the Olympic Games in Sochi. We are aware of how many world championships we have to host: the FIFA World Cup as well as world championships in hockey, weightlifting, aquatics, and athletics. The topic of today's session is 'The Future Legacy of Russian Mega-Sports Events'.

I am pleased to introduce today's speakers: Alexander Zhukov, First Deputy Chairman of the State Duma of the Russian Federation and President of the Russian Olympic Committee; Donald Almeida, Vice-Chairman of the multinational services firm PwC; Dmitry Chernyshenko, President of the ANO Organizing Committee for Sochi 2014; Sergey Kushchenko, First Vice-President of the International Biathlon Union and Member of the Board of Directors for the Brooklyn Nets basketball team; Jason Cahilly, Executive Vice-President of Strategy and Chief Financial Officer of the National Basketball Association; Alex Atzberger, Senior Vice-President of SAP AG's Representative Office in Shanghai; and Erick van Egeraat, Architect, Designed by Erick van Egeraat.

The theme of our round table is particularly relevant, as we are now on the eve of the Summer Universiade in Kazan, which starts July 6. Twenty-nine sport facilities have been commissioned and are operating. A stadium that seats 45,000 people has been built and is operating. After the Universiade, it will become the new Rubin Stadium, where World Cup matches will be held. Also, Aeroexpress, the largest airport rail terminal in Europe (with eleven interchanges and a metro station), was built. A lot has been done in Kazan. We hope that when the games in Kazan end on July 17, all the sports facilities will be just as actively used and beneficial to others as they were for the two weeks of the Universiade.

Hotels, roads, stadiums, and infrastructure are not the only legacy of mega-sports events, of course. According to research, a so-called 'Olympic effect' exists, which provides up to a 30% increase in the volume of trade in the host country.

Mr. Zhukov, I would like you to talk specifically about the socioeconomic effects.  
Thank you.

**A. Zhukov:**

Thank you. Good morning, ladies and gentlemen.

Indeed, in the near future, there will be an unprecedented number of mega-sports events in Russia. And Russia is actively fighting for the right to host such mega-events because, based on the history of the Olympic Games in Russia and around the world, we know about the complex effect that it has for countries who host such events.

I would like to note some of the characteristics of this effect. It gives the world a chance to get better acquainted with the country where the games are held. It is larger than the economy and sport. It is something common to all mankind and is extremely important for our country as well. It is an economic effect. It is a sporting legacy in terms of building modern sports facilities, and perhaps something more: it is the involvement of youth in sports. Events such as the Olympics or the World Cup attract attention, and more children are starting to participate in sports. This is perhaps the most important effect in terms of the nation's health and promoting a healthy lifestyle.

There are a few other various effects. First is the introduction of new standards of living in our country. Taking the construction in Sochi as an example, we are introducing new access standards for facilities; not only for sports facilities, but there are access standards for persons with disabilities for the infrastructure as a whole. These standards, which were hitherto lacking in Russia, have appeared through the construction of facilities in Sochi.

Volunteerism in Russia was not developed either, but it has grown significantly thanks to the Olympics in Sochi and the Universiade in Kazan. And finally there are the environmental standards, which are also extremely important for Russia. Environmental standards have become an integral feature of the construction of all the facilities in Sochi and Kazan.

Let us return to the economy. Thirty years ago, the Moscow Olympics gave serious impetus to the development of the city and facilities that were not directly

related to sport. For example, the construction of Sheremetyevo Airport, which is still the country's major airport; the construction of Ostankino Tower; and the city's transportation infrastructure are all the legacy of the Moscow Olympics. We still feel its effects, even though a lot of time has passed.

Before the 1992 Olympics, Barcelona had a reputation for being an industrial city not known for attracting tourists. Today, Barcelona is one of the world's most attractive tourist destinations, and the city's economy, and perhaps Catalonia as a whole, got a big boost. The number of tourists has doubled, and the number of hotel rooms has increased by 90%. That is just one effect of hosting the Olympics. One million three hundred thousand new jobs were created in Barcelona, and 800,000 of those were in the tourist sector. We expect similar results after the Olympics in Sochi.

A whole programme called the Sochi Olympic Legacy has been approved. We are used to Sochi being a summer resort. That is how it was in the Soviet era. During the three summer months, our country's citizens go on holiday in Sochi, and its infrastructure was made for this. Now, Sochi is becoming a year-round resort and a ski resort. Four ski resorts with over 150 kilometres of slopes are being built in Russia, and are designed to accommodate 42,000 tourists. Krasnaya Polyana, where the Olympics will be held, is becoming an international centre for alpine skiing, and we expect significant economic effects as a result of it: a threefold increase in tourism, and all the economic effects associated with that.

Construction has already created a lot of new jobs. Those jobs will still be there even after the Olympics, when tourist flow and the number of people who go to the mountains to ski will be significantly higher.

The Olympics has a colossal impact on developing a city's infrastructure. In Sochi, this has primarily been an economic impact. The city's Olympic legacy is a new airport (which is already fully operational); more than 360 kilometres of road and bridges; 102 new road bridges which, combined, are over 27 kilometres in length; 54 railway bridges; and a railroad from the airport to the Olympic Village of Krasnaya Polyana. In order to build the railroad, more than 22 tunnels and 200 kilometres of new railway track needed to be constructed. Highway capacity in

the city has increased, prior to which there were endless traffic jams that prevented tourism from developing.

The energy infrastructure has radically changed. There are 480 kilometres of new low-pressure gas pipelines, 174 kilometres of high-pressure gas pipelines, and more than 550 kilometres of high-voltage power lines, some of which are under the sea. Four thermal power plants and one thermal power station, 19 substations, and a substantial number of sewage treatment plants have been built. That is what is relevant to the environment. There are more than 690 kilometres of utility networks, 50 new hotels with 27,000 rooms, digital television, fibre optic communications, and so on.

There are still many more significant effects. The Olympic Games will be smoke-free. In Russia, the anti-smoking law is now in force. One hundred and fifty-five thousand athletes and sports delegation representatives will be safe from second hand smoke.

Speaking of the Universiade, its significance, in terms of number of participants and people who travel there, is no less important and far-reaching than the Olympic Games. A good deal of work has been done in Kazan. A new university has been created, as well as all the infrastructure associated with the Universiade Village. Students are already living in the university's dormitories, and participants in the Games will live there later. That is a tremendous legacy. The city's transportation and tourism infrastructure has also been significantly updated.

The President of the Russian Federation has also announced that Russia will launch several large infrastructure projects using government resources: a huge sum of RUB 450 billion from public funds alone will be used. One of these projects is a high-speed rail network from Moscow to Kazan. The idea is to create a high-speed rail system before the World Cup in 2018. It will be very difficult to implement, but it will be able to fundamentally change transport to Kazan, and perhaps transport to Yekaterinburg in the future. That will be the World Cup's enormous economic legacy.

The World Cup in 2018, in terms of economic development, is a larger event than the Olympics in Sochi. There will be airports, hotels, and transport infrastructure built in 10 cities that reflect a modern view of what the World Cup should be. Thank you for your attention.

**Y. Bordovskih:**

In particular, football cities like Rostov and Volgograd will get stadiums as well.

**A. Zhukov:**

Kaliningrad, Samara, and Sochi will too. More importantly, as strange as it may seem, Moscow does not have a single stadium that measures up to what is needed at the World Cup level, and so it is getting a few stadiums.

**Y. Bordovskih:**

Mr. Zhukov, have you decided anything about the Luzhniki Olympic Complex?

**A. Zhukov:**

That is a question for the Moscow City Government.

**Y. Bordovskih:**

OK. Thank you very much.

The conclusions from Mr. Zhukov's speech are that mega-sports events do not just influence a region's development, but they speed up the economic development of the country as a whole.

PwC has done special research on host countries' and host cities' experiences with mega-sports events. Mr. Almeida has shared the results of the research with us.

**D. Almeida:**

Thank you very much. It is quite difficult to speak after Mr. Zhukov, since he is an expert on mega-sports events in Russia.

Mega-sports events influence the construction of infrastructure projects. But I would like to raise the term 'infrastructure' to a new level. This is interesting to me because I participated in groups of experts that discuss the creation of the global finance centre and the technology centre, and that refer to an infrastructure pyramid. This infrastructure pyramid consists of three main parts. The first is the human ecosystem. That is what makes people live somewhere and work somewhere. Components such as health care, education, housing, employment, and a whole list of 10 other different items are included in the human ecosystem. Climbing higher on the pyramid, we get into a more focused corporate component. Here, legal regulation, the absence of corruption, taxation, transport, regulations of imports and exports, labour, intellectual capital, and a number of other things are required.

If the climb even higher, to the top of the pyramid, we come to what we call business accelerators. An accelerator will not work without the pyramid's base or middle section. If you do not change the human ecosystem and business ecosystem, then these accelerators will not work. If you do everything correctly with mega-sports events, then the work of the whole pyramid will accelerate, and there will be very significant changes. These changes are not just based on the experience of the country or city that hosts such large-scale events. Changes spread into the country and workforce as well.

I would like to cite two examples. One is from the field of intellectual property. When we studied Sochi, we tried to determine what the legacy of the Olympics in Sochi will be. We agreed that it would primarily be intellectual capital and intellectual property. It would be an army of people who work on developing plans, preparation, project execution, training others, and so on. And that was only what was associated with the Olympics in Sochi for now. In reality, that would then spread into a number of other sports and non-sports projects.

The second example – and this was not obvious – is in social well-being where there are big changes being made. Russian culture is changing. It is entering into an era of volunteerism. I think that a whole army of young people will emerge who will not only take part in the competitions, but give their time to the popularization of Russia. Infrastructure growth will accelerate.



I think that this is a very important area that not only affects sports events, but also Olympic events such as the Olympics in Sochi.

**Y. Bordovskih:**

Thank you, Mr. Almeida.

Let us continue the discussion on Sochi. Time is running out before the Olympic Games start. I think that Mr. Almeida touched on a very important topic. Sochi is the first major sports competition in Russia since the fall of the USSR. Thanks to the Olympics, we will have people who will study how to organize such an event. Let us talk about the human factor. Dmitry, do you agree with Mr. Almeida?

**D. Chernyshenko:**

I am in absolute agreement with the previous two speakers, especially with our intellectual colleague Alexander Zhukov, who has been the steadfast leader of the Sochi 2014 project since 2007. The St. Petersburg International Economic Forum has been the cradle of the Sochi 2014 project, because its successful campaign started here. It was a way to attract attention and convey to the voters and independent, distinguished members of the International Olympic Committee the importance of this project to Russia and its young democracy.

Indeed, this was the first project we received. After that, we got the Universiade and countless other large sports events including Formula One. But the most important of them was and is Sochi 2014. I am lauding it not because I am participating in it, but because Russians themselves have gained confidence that Russia is able to host such large-scale projects, and that the whole world believed in Russia.

What was the secret to a successful bid? It was in the fact that the Legacy programme was so well thought-out, striking, attractive, and visible to members of the International Olympic Committee. They voted for it even though the other candidate cities were incredibly strong and even though we did not have anything that we could present as proof of our ambitious plans. But as a result, Russia has, as the president said today, pulled out a magic wand that can speed up all these processes. And that is the main reason why countries and cities fight for

the right to host the Olympic Games. They get a powerful catalyst that allows them to double the speed of economic development. What usually takes a decade happens here in five years with a wave of the Olympics' magic wand.

It accelerates the return on investment, and so I will take the liberty to say that the Olympics provide a return on investment. Moreover, the legacy we are talking about is already here even before the sports event has begun. That sounds a little strange, but somehow it has happened, and it is indeed the case. More than half a million jobs have been created. Let us recall that during the 2008 financial crisis when the global economy stagnated, everyone was in shock. In Russia, there was no panic, particularly because we had this large infrastructure project that was supported by the state and guaranteed investments in basic things – roads, government contracts for purchasing metal structures and construction materials, and jobs – which kept big businesses from failing and leaving the project, and thereby saved jobs and helped maintain confidence. Who knows, but perhaps the major role that Sochi 2014 had was allowing Russia to survive the economic crisis relatively easily.

To some extent, the region has seen extreme growth due to those large-scale investments it has inherited. Per capita income in the region hosting the Olympic Games after the vote in Guatemala City has quadrupled. The economy and business activity in the region is growing 10 times faster than the country as a whole. That is a clear manifestation of this catalyst's impact.

There are other factors. As part of the project, we are studying the influence of the Olympic Games with the help of the special Olympic Games Impact Report or the Global Initiative Report. We are assessing the impact on the region hosting the Games according to the report's enormous amount of social, economic, and environmental measures by retrospectively estimating all of these coefficients from 2005 to 2018. And we see that the project is impacting the city, the region, and the country as a whole.

There are interesting parameters to study. For example, the city's population has grown. These are people who were attracted by the project, gained permanent residency, and are now registered. I am not talking about a temporary workforce; it is the largest construction site in the world, with more than 75,000 workers. But

the number of people who permanently live in Sochi has increased by 30% during the project. At the same time, the birth rate has increased by 40% in the region hosting the Games, and the population of those who play sports has increased by 200%. That is a cosmic leap forward in comparison to the other territories, and it is a direct consequence of this project.

This project has a very interesting future, inasmuch as it may outshine both Cannes and Davos together. Combining the factors of infrastructure, the proximity of the international airport to sports facilities, the warm sea, the wonderful mountains, and the modern transport infrastructure, it will be able (if managed competently) to realize the premise of the historical legacy which has been created.

In addition, it is very important for the city to be a model city. These are not just one city's or one region's Games. And it is not because orders have been placed throughout the country. The whole country is involved in this project. We have a very serious international commitment and a very serious Olympic law that allows us to implement legislative initiatives quickly. We are creating new standards which will later apply to the entire country. This is not one city's business. It is the whole country's project, and we are already seeing the results.

You wanted me to talk about the human factor and human potential. Of course, the topic will come up. In addition to the new modern systems of management that the project has required, there is a new group of executives that have been battle-tested by this project's very difficult conditions, and which Russia honourably supports.

But there is another interesting project that is almost impossible to recreate because of its ambitiousness and uniqueness. That is the Russian International Olympic University. Really, it is the Harvard of sports, and is being created in record time. A university campus and auditorium will be delivered in the autumn that will provide higher education in the area of sports management and sports facilities in order to allow sports programmes to stop requiring state support, and to make sports facilities, which are now being built in large numbers, pay for themselves and be profitable. There are examples in civilized countries that Russia must equal.

In conclusion, I can say that according to research by the Russian Public Opinion Research Center, the most source of pride for Russians is the fact that in 230 days, Russia will be hosting the Winter Olympics for the first time in the country's history.

**Y. Bordovskih:**

Thank you very much for that interesting answer.

A mega-sports event is one incentive for developing the latest technologies. There are also stadiums, safety, and transport to consider. But I would like for our conversation to include Alex Atzberger, Senior Vice President of SAP AG's Representative Office in Shanghai. Go ahead, Alex.

**A. Atzberger:**

First, I want to say that I am very pleased to be in St. Petersburg, but after hearing all the commentary here, I would really like to go to Sochi as soon as possible, because it seems like it is a wonderful place. I have never been there, but thanks to the power of the Olympic Games and sporting events that are taking place there, I plan to visit the city.

I am wearing three hats here. First, I work in a software company that invests in Russia. Second, we offer specific software solutions for sports events. And third, I am a sports fan.

We have not discussed for whom the Games are intended. The Games are held for the fans. Why am I interested in this? The Olympic Games in Sochi and the World Cup will be the most digitized events in the world. I looked at a Sochi brochure, and three billion people will be watching what happens at the Olympic Games. I think there will be a lot more than just three billion. Some will watch the events on their mobile devices and constantly be connected. That is an important aspect of interacting with people. It is a glimpse at what Sochi and Russia as a whole can do using those devices. Our company is firmly convinced that the impression fans get at sports events is fundamentally changing. You can bring your mobile device to the stadium, or you can watch what is happening at these sports events even if you are thousands of kilometres away from the stadium.

I think that the Olympic Games are the result of a lot of trust. We are part of the economy, and we invest in infrastructure. SAP is investing in the economies of the majority of countries where there are mega-sports events. So in our opinion, everything is moving in a positive direction.

I think that any part of a sports event undoubtedly includes significant technological components: management, organizational issues, ticketing systems, and so on. All this affects how you perceive sports events. If you look at the Olympic Games in Beijing, for example, there were about 450 different tech projects that were needed for those Olympic Games to happen at all.

I have to agree that human and technology capital is a legacy of mega-sports events. Now there are companies that provide various technology solutions for mobile devices. That knowledge can be used not only in this field, but in others as well. In my opinion, these components play an extremely important role. They help make sports competitions even more appealing. I think that a very strong legacy will be created in Sochi and in future sports competitions in Russia as a whole. Thank you.

**Y. Bordovskih:**

Thank you very much, Alex.

We are joined by Sergey Kushchenko, First Vice-President of the International Biathlon Union and Member of the Board of Directors of the Brooklyn Nets. Sergey, you are recognized as a top manager with experience in managing sports clubs and sports federations. What is the role of sports management in overseeing this legacy? You have experience with the new Brooklyn Nets' stadium. How do you fill up a stadium which belongs to a basketball team when it is not used for basketball? How does it survive outside of the basketball season? The NBA Championship ended today, and the Miami Heat won. What next?

**S. Kushchenko:**

Thank you, Yulia. It is difficult to give a talk after speakers like these. A lot has been said. But I will try to stick to the phrase, "stop requiring state support". I think there is a major point made in that phrase about what needs to be done so

that our sports facilities, infrastructure, and the programmes Dmitry and Mr. Zhukov talked about keep working after all the events.

What do I mean? Look at the investments the state is making. State policy in Russia today indicates that we have colossal sports events that we are learning to conduct according to a just-in-time system. This is what we often do during these events: we try to attract the best experts in order for our volunteers, young students, and managers to learn how to run those large sports facilities after the competitions are over.

Sport in Russia today is a somewhat charitable business. It is still a state investment. It is still a state-owned enterprise. We need to have a clear training strategy for our managers so that, in relation to the economy and the situation in Russia, we can have the right and be able to hold such events that are carried out very successfully in America, for example. I am talking about the NBA, where everything is structured well.

You should not hesitate to make use of better practices. You need to forge strong connections in order to train our specialists, so we get the best experience possible. Those doors are open. We have a student exchange programme and manager exchange programme with the NBA and the 'Brooklyn Bridges'. Two of the best leagues are open. Please, learn and apply that experience.

Where can we place a small sports and recreation centre today in some medium-sized Russian town? Will it be profitable? Typically, the procedure is like this: a large business gets something, and that means it needs to build a stadium quickly to offload some of its profits. The stadium will be unprofitable. You need the right analyses in order to build it where it should be built and in order for there to be sports management and supervision of the structure. And at the very least, we should look into how it can be effectively used.

I would tell anyone who is selling shopping centre sites to build a stadium there for 2,000–3,000 people. That would be a very effective business model. A family goes there. The children and parents enter the mall and look at the map: here is the shopping centre; there are the stores; and there is the sports arena with a basketball game starting at 19:00.

Or, for example, a structure that allows people to spend money. What is happening in the Brooklyn Arena today? Basketball is not the main event there. The Brooklyn Nets' schedule allows for 41 home games and 41 away games, but the rest of the time, there are other performances, such as Rihanna and Depeche Mode; there are exhibitions, and so on. That is what Russia needs to learn. Our economy is allowing us to begin working in earnest and preparing for that moment right now, there is such tremendous attention being focused on this area by the government and large companies that work in the sports industry in Russia.

We need to pay attention to how sport is structured in Russia: events, the Olympics, and programmes that the Organizing Committee and Olympic Committee have set up. There are questions that need to be clearly answered. What is it we are preparing? Where is the structure? Where will our students and volunteers, who are trying to end the need for state support of sports, be working today and tomorrow?

Those are very serious issues, but I think they can be resolved. For example, at the CSKA (Central Sport Club of the Army) professional football club stadium, when the team played a very important away game, we decided to put a screen in the hall, invite people in, and slightly lower the ticket price. Merchandising and catering for the event were well organized too. About 4,000 people came. After that, we wanted to make the CSKA stadium the site of the biggest cinema in Russia – seating 5,000 people – and put up a screen and buy some licences. I think that a cinema with a capacity of 5,000 people has not existed in Russia for a long time. In other words, there are creative ideas, but you need the people to implement them all. Thank you.

**Y. Bordovskih:**

Thank you, Sergey. I do not want to stop talking about basketball. As a basketball player, I am often in America for NBA games, and I see how Americans live for basketball, how families buy tickets for games with glowing eyes, and how the National Basketball Association and games played by adults stimulate young people to play in student and youth leagues. Basketball in

America is a powerful, unifying force. I think that that is also a legacy of deservedly preserved traditions.

**J. Cahilly:**

First, I wanted to start off by thanking Sergey for the very kind words about the NBA and say that we appreciate the relationship very much. Secondly, I do agree with the premise of the question. Basketball in the United States is highly integrated into our culture, from the amateur youth levels all the way up to the most elite levels, with all types of socio-economic demographics, aspects of religion, race, and so on. So it has become very central to our culture. I thought one way to address the question in the broader point of the panel and this conference is to take a step back and give a sense of what the NBA is and where our vantage point comes from, because I am not sure this audience is as familiar with it as they would be in the United States, for the reasons you referenced.

The NBA stands for the National Basketball Association, headquartered in New York City. We are a global sports organization with just over USD 5 billion of revenues for this year. Though we are a for-profit business, our mission is to celebrate the game of basketball. That is how we describe it. What that means more specifically is that we are trying to drive participation in the game and the popularity of the sport at all levels. You do not need to be LeBron James, Kobe Bryant, or Andrei Kirilenko to be part of that mission; we think about it globally. Organizationally, we have 30 owners, each of whom owns a team in North America. We are proud to say that the first non-North American owner is Mikhail Prokhorov. He has been a fantastic owner and a fantastic partner for us. In each of those situations, the team plays in an arena. These arenas are typically multipurpose, meaning they have 100-200 events per year. As Sergey said, about 41 of those are the basketball home games. The balance of those tends to be hockey, music concerts, and other entertainment propositions. In each of those markets we are, of course, very involved with our owners, but also all the key stakeholders in making the decisions on how to most effectively implement the infrastructure. A classic case that is relevant to this audience is the Barclays



Center, which is the name of the beautiful, modern multipurpose facility in which the Nets play in Brooklyn, which is part of New York City.

The beauty of sport is that it really is a powerful tool to advance both social well-being objectives as well as economic ones. From our perspective, sport really can drive sustainable economic growth. We have seen it first hand in the US, as I described, but also globally in the activities we perform outside of the US. I would say that under the right conditions we do see a kind of virtuous circle, which is the phrase I was going to use. We can talk about a pyramid as well, where with the right focused activity, you can have very effective infrastructure investment, communications, transportation, buildings, direct, and indirect, as a number of the panellists had described. That can lead to permanent jobs, we believe. It can lead to wages increasing; it can certainly lead to therefore greater GDP and GDP growth.

So I think that the thesis is fundamentally strong. The facility in Brooklyn in which the Nets play is an example where that area has been dramatically improved or economically revitalized. We think that is fundamental and is very clear to see.

The last comment I would make is a bit of a caveat, in the sense that, from our vantage point, the most successful fundamental investments have at least three prerequisites. The first is a very healthy and strong public-private partnership and the political will. By political will I mean the extent to which politicians are supportive of any given project. Public opinion can be fickle, and it can be inaccurate early and often, and so you really need the political will to back any given project.

The second point, which I was interested to hear President Putin emphasize in the plenary session, is that you need a very dispassionate investment mentality when you put billions of dollars to work in these projects. It is very easy to fall in love with sports and to rationalize the investment decision-making, but the most successful investors that we have seen are very sober in their analysis to put the money to work. President Putin referred to it as making smart investments, making sure there is a return on the invested capital and avoiding trifles. We strongly agree with that.

The third and last point I would like to make is that everything I just said about the investment mind-set really leads up to the planning and the commitment stage. The execution and the excellence of that stage can be a big differentiator in the long-term fundamental success of these projects. Having the right team, the right leadership, the right plan and the right execution along the way can be critical.

**Y. Bordovskih:**

Thank you very much for sharing your experience and ideas with us.

**D. Almeida:**

I have to interrupt here, because we have the expert from the NBA. I was in New York City, not in Brooklyn. I am not from Brooklyn but, for those who do not know, the Nets have existed for a long time. To your comment about the right management team I would like to add: a group of people which included maybe four or five Russians, Prokhorov being one and Sergey being another, have transformed about one third of New York City. They have given electricity. This has not happened probably since the Brooklyn Dodgers, the baseball team, left Brooklyn. They really have transformed the whole area using the exact same team that has existed for perhaps 20 years. So I think you and your team are a great example of everything that was just said.

**J. Cahilly:**

Yes, it is an interesting point that we literally moved the franchise across the river under new management. That was really the main change, and we have seen revitalization in a very impressive way. As a league, we could not be happier with that.

**Y. Bordovskih:**

At one time we had a popular phrase. We used to say, "America will help us." Now it sounds a bit different, obviously. Let us return to the topic of the Brooklyn Nets. Sergey, how full does it get? Ninety per cent?

**S. Kushchenko:**

If we are talking about basketball games or concerts, then it is practically full.

**Y. Bordovskih:**

Are you talking about it being full every day?

**S. Kushchenko:**

Almost every day. When we were on the Board of Directors, we had the following schedule: there would be a game; the Rolling Stones would perform the next day; and then there would be another game the day after that. I am saying this so everyone understands how effective that infrastructure is. The stadium was full every day.

**Y. Bordovskih:**

I think that is possible because the stadium is versatile and adaptable. Architects who plan large sports arenas should first think about that.

I want to introduce Erick van Egeraat, an architect who has personally overseen the implementation of more than 100 projects in more than 10 countries, and has also worked on Dynamo's new stadium and Federation Island in Sochi. You have the floor, Mr. Egeraat.

**E. van Egeraat:**

Let me talk about the issue of legacy in time and in place. I think many interesting things have been said already. One of the most relevant conclusions is that in the Russian economy, the Olympics and the World Championships are huge accelerators, as has been said. They help you get somewhere where you would not have been ever if you did not have these kinds of incentives. So that is something which you can use to your advantage. And I think at the moment, it is done in the best possible way here in Russia. If you have other economic conditions, like for instance in the London Olympics, then the situation is

different. I was personally involved as a master planner in creating what was called the London legacy. The idea there was that, because there was so much money coming into London, the boroughs around this place must benefit from it. So we designed new master plans for developments around the Olympics. One part was Canning Town, an old slum part of the city. To be very fair, that did not really work so well. The result was not that brilliant. What I mean is, everybody was investing in the Olympics and everybody was happy about what was happening there, but people who lived in the neighbourhood next door did not really get that benefit. I think there is also logic in this; and what you can learn from today is that you cannot just simply expect that this spreads like an oil spot automatically, if you do not keep on pushing and working on it.

One of the things that I am very proud to have been working on is the project for the Dynamo stadium. Dynamo is a name that is, of course, legendary even though at the moment—sorry, Dynamo fans—they are not playing that well. Still, it is a great name, and the location of this Dynamo stadium in the middle of Moscow asks for a very special approach, because there are different conditions, and you cannot do the same things you do there as you would do in other parts of Russia. So we decided, instead of simply creating a sports venue, to build a hybrid sports venue in different sizes, which would be able to cater for sports but also to culture. This could serve for all kinds of events all year round. We also connected it to shopping, which makes it an operation that is functional all year round, day in day out.

I think this is a distinguished weekend plan: architects, planners, and politicians can decide to do this. However, what was just said about the American example is even more important. If you think about the effect of what the Olympics and the World Championships will do, it will create a different mentality, a lot of different ideas about how to manage and how to run and how to be happy with what you do in your life. I think that it is a legacy to be able to find people who are continuously innovative to try and reinvent themselves and to try and make the best out of the cities we have created. I think this is the best legacy you could try to work on in order to make sure that you benefit from these events. That is what

I would see as a lesson to learn and something that offers great possibilities for Russia in the future.

**Y. Bordovskih:**

Thank you very much. This is a very interesting conversation. Perhaps one of our participants would like to add something? Mr. Zhukov.

**A. Zhukov:**

We have talked about the future use of facilities in Russia. There is a somewhat different situation here than in Brooklyn, because there are six rinks being built in a small area, and they will be difficult to use for their intended purposes in the future. So the Legacy programme was created so that some of these facilities could be used for something else entirely in the future. For example, the speed skating arena is a success. The World Championships took place there, and everyone has acknowledged that it is one of the best rinks in the world. Nevertheless, it is going to be converted into an exhibition centre. And a forum that takes place yearly in Russia, similar to the one we are at here today, will happen there, as well as other large exhibitions and events. And the figure skating rink will be transformed into a velodrome. Our country does not have a single velodrome that meets the requirements of large competitions such as the World Championships or Olympics, so this is very important.

A few facilities will be moved to other cities in Russia. In terms of economics, perhaps that is not the best solution. Perhaps it is easier to tear them down and build new ones. But it is just what we need in terms of attracting people to take part in sport. The mere fact that there is an Olympic skating rink in Rostov or Krasnodar is very important to the children who will go there to play hockey or practice figure skating. The fact that it is an Olympic facility is extremely important. And a large shopping mall will replace the Olympic Media Centre.

It has also been suggested that the centre of life in Sochi move from traditional Sochi to a new place: Olympic Park. Perhaps even the city government will move there. That too is being discussed.

The facilities in the mountains are going to be used for what they are meant for because up until now, Russia has not had a single bobsled track that meets international standards. The world's best track is in Sochi.

Perhaps in the future it will be difficult to use these facilities to the fullest extent possible from an economic point of view, but in terms of developing sport, the city, and the region, their legacy will still be justified.

**Y. Bordovskih:**

I agree with you completely, Mr. Zhukov. Let me add, as a proponent of living a healthy lifestyle, I think that taking part in the Olympic Games is part of the legacy of such large competitions. This is a question of the nation's health. We have not talked about this today, and it is very important. Does anyone have something to say? Then let us move on to questions. Please.

**From the audience:**

My question is for Mr. Zhukov and Mr. Chernyshenko. There are 200,000 volunteers registered for Sochi, but only 25,000 will be selected. There are several volunteer centres and many volunteers in Kazan. What will happen to the volunteers and volunteer centres in the future? Will they be used for their intended purposes, and will people who have some experience and who have taken a test be pulled in as managers for major competitions? Thank you.

**A. Zhukov:**

Thank you for your good questions. There are not 200,000 volunteers, but 200,000 candidates for those 25,000 positions. When we started the process, there was talk about how hard it would be to find 25,000 volunteers, and we thought we would have to possibly attract students with money. But it turned out everything was quite different. Youth from many different Russian cities were running to Sochi to participate in hosting the Olympic Games free of charge. Of course, these volunteers, who have gained experience in Kazan and Sochi, will be used at other sports events.

But the major legacy is not even about that. It is that there is a renaissance of the volunteer movement in Russia, since the volunteers have other things to do besides working at sports competitions. We just need to want to do it and make a habit of it.

It is very important that the momentum in developing the volunteer movement is happening as a result of recruiting volunteers for Sochi. They can keep studying and become sports managers and go study at the Olympic University. I recently visited Lausanne for a conference of National Olympic Committees from all over the world. Our Olympic University is already enjoying great popularity. People from Africa and Asia are coming there to learn, and they are all saying, "Give us quotas for studying at the International Olympic University." This is a very popular profession for young people around the world.

**Y. Bordovskih:**

Dmitry, would you like to add something?

**D. Chernyshenko:**

Yes, thank you very much. It was a very interesting model, and it was successful. If we, as organizers of the Games, had just approached the issue of recruiting volunteers practically, then we would have just taken students from Krasnodar. There are 100,000 of them there, and all we need are 25,000. If you include other locals, then the number needed is actually quite small. But we decided to do it differently, and that demonstrates the wisdom of the country's leadership. Vladimir Putin believed that this would be the correct model: inspire young people with an opportunity to go to the Games as volunteers who would proudly represent their region and their country. That sparked a movement, and as a result, last year Russia was unexpectedly in eighth place according to research of the Global Index Report.

In 2010, Vladimir Putin gave certificates to the first 26 volunteer centres, and two years after that, we are in eighth place, and we have 20 million people volunteering. And now just imagine: In the USA, 3.5% of GDP is generated by

volunteers. The amount of social support that we have received and are now receiving is simply enormous.

What will happen to the volunteers? That is an excellent question. For the time being, it is not clear. There are certain risks here. Sport is one of the 55 duties of game organizers. The sports component is essential, but the Games are primarily a large social project. To have volunteers work only on the sports competitions, but not help with accreditation, the arrival and departure of guests, or the implementation of some other important function would be a mistake.

Why are there volunteer centres? Because a system was created that allowed local authorities to give people a chance to regularly do something beneficial for society. Not like flash mobs or parties. They see that the work they do is needed by society, and society recognizes that. And that is why so many participants have turned up. Furthermore, I think that this issue will be discussed by the country's leadership, because we need to carefully approach this newly formed community, which has united because its members want to do something for society. No politics should be involved. There are a number of ways and models that the USA uses when it is trying to set a course of action. For example, this year we are trying to combat drunk driving. The state makes goals, and that is good; that is the right thing to do. And then there is fundraising and financing on the ground from local agencies that help maintain the volunteer movement.

Volunteers selflessly give up their most precious possession: their time. But it comes at a definite cost. So I think that there should be a self-regulatory organization, some sort of volunteer foundation without 'sports' or 'Olympics' in the title: the country's unselfish helpers.

**Y. Bordovskih:**

Please ask your question.

**From the audience:**

Hi, my name is Avraham Berkowitz and I live in Brooklyn, New York, so I feel very comfortable here today. In everything that you all said about the region, how incredible what the Nets brought to Brooklyn is, the jobs and real estate market



rising and people moving and the second Manhattan, there is one very important point that was missed. And that is this: I think most Americans and especially in New York, their views of Russia are very paranoid and full of misconceptions. And not only that, but large population in Brooklyn are people who moved there in the 1990s, and the majority of them have never come back. What people hear is their image of frozen Soviet Union circa 1989. So when you have someone who is not a businessman escaping Russia saying “I have to get rid of my assets overseas”, that is helpful. Prokhorov is a proud Russian citizen who made an extremely important investment in the first basketball team in the United States. There was controversy—can he do it or not?—but I must tell you that he is helping the Russian image more than anything else you can imagine. You are winning new friends. If this conference is about getting people to understand Russians, then the Sochi Olympics, the Kazan Games, and so on are helping a great deal. You should consider hosting major exhibitions highlighting how Russian investors and sports in the United States can help both countries in unbelievable ways. Thank you, Nets, for what you are doing for Brooklyn.

**Chair:**

Thank you very much.

**From the audience:**

I have a technical question. In 2018, a very prestigious football competition will be held here. They are making the Kirov Stadium into an enclosed stadium. They say that FIFA requires the stadium to be enclosed. Is that really a requirement? What requirements are there for the football field regarding holding prestigious competitions at the world level? Does there have to be real grass on the field, or can it be artificial?

**Y. Bordovskih:**

Thank you very much.

**A. Zhukov:**

I am not much of an expert here, but I know that FIFA has the following requirements for roofs: the stands must be completely covered; the stadium itself does not have to be enclosed by the roof; and every stadium's field should be made of natural grass. I know that for sure.

**Y. Bordovskih:**

Thank you. Are there any more questions? Go ahead. We have time for two more questions.

**From the audience:**

My question is about the effect of the test events, in which Russia performed very well in speed skating. How much of a long-term effect can the Olympics have in terms of performing at a high level? Thank you.

**Y. Bordovskih:**

Thank you.

**D. Chernyshenko:**

Of course, you know that the home-field advantage is a very important element of success, especially for our national team. You know that if our team does not win any medals on the podium, then it will be difficult to say the Games were a success. Test events have shown that there is the potential for Russia to win. We hope that that will happen again in 2014.

**Y. Bordovskih:**

Thank you. This is the last question. Go ahead.

**From the audience:**

Hello! My name is Timur, and I represent the Our Future Children's Sport Development Fund. As a representative of an NGO, I have to ask you a question. Construction of such large Olympic facilities is becoming part of everyday life, and is also disrupting the usual environmental and other circumstances of the

region's inhabitants where your specialists are beginning to make these changes. I know that there were problems in Sochi relating to this, and you were able to handle them fairly well. I would like to know what tools you used, and how much dialogue you had with the local community. Thank you.

**D. Chernyshenko:**

It was impossible not to have dialogue, because there would have been riots and protest. Sports events are not fun for anyone if there is conflict with the local population's interests. Obviously, a large project like the Games in Sochi (as I already said, there are over 70,000 buildings, 5,000 pieces of heavy equipment, and thousands of cranes) has to have an impact on the surrounding environment. That is why we had a goal from the very beginning to not only protect, but drastically improve the environmental situation in the region by building new treatment plants, removing a processing plant and rubbish dumps, and implementing several other initiatives. It succeeded.

Russia, as always, has its own path. That is why we created our own Russian green building standards. There are other standards, such as the LID (Low Impact Development) or BREEAM (BRE Environment Assessment Method) standards, that building owners use voluntarily to certify their buildings. There are standards for low energy consumption and low levels of pollution, as well as many others that add commercial value to those facilities and meet sustainable development requirements. In our country, these standards have not been used because of the housing shortage, and so they were created anew. The most important legacy is that these standards are now required for any new construction or reconstruction project throughout the whole country.

There are many interesting things that have happened in Sochi, but one of the most important things is the preservation of the environment. We have added 20,000 hectares of land to our national parks. Soon, there will be great news: the Persian Leopard or Snow Leopard population, which has been decimated in the last century, is recovering.

**Y. Bordovskih:**

Thank you very much, Dmitry. Thank you very much, friends, for your interesting presentations and for answering questions. Here in Russia, we are very excited about the upcoming sporting events to be held in our home country. Thank you to our colleagues and friends. Have a good day.