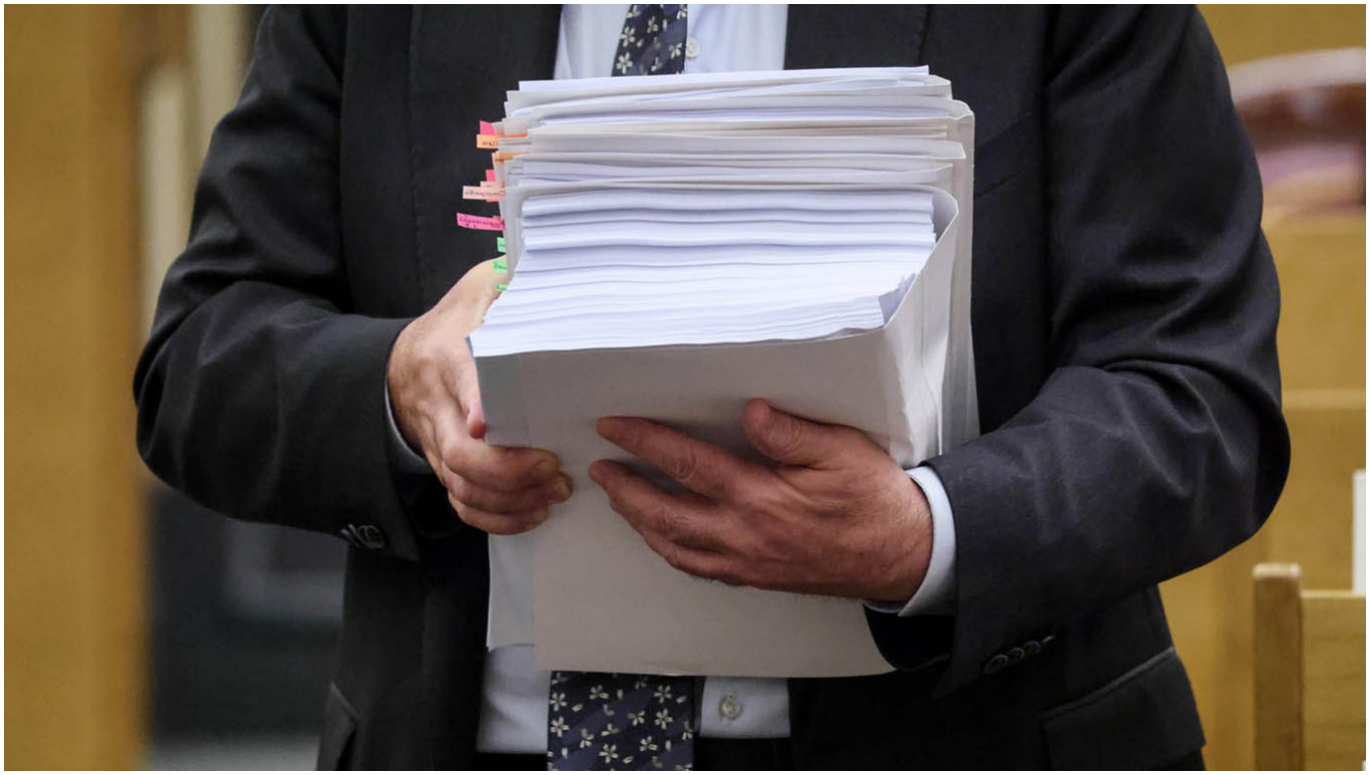
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War Spending Pushes Russia's Classified Budget Outlays to Post-Soviet High, Study Finds

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Russia's rapidly expanding war spending is driving a sharp rise in secret federal budget expenditures, with nearly one-third of all state spending now hidden from public view, according to estimates by the Gaidar Institute.

The share of classified spending in Russia's federal budget rose to 28.6% in 2025 from 24.9% in 2024 and nearly doubled from 15.1% in 2021, the last full year before Moscow launched its invasion of Ukraine, the institute said in a budget review.

Russia has not published detailed federal budget expenditure data since 2022, forcing analysts to reconstruct spending patterns using partial information from multiple sources.

The Gaidar Institute cautioned that its calculations were based on "fragmentary information available from different sources" because budget expenditure data has not been fully

disclosed since the start of the war.

Based on the institute's estimates, classified spending reached 12.3 trillion rubles ($172.2 billion) out of total federal expenditures of 42.9 trillion rubles ($600.6 billion) in 2025.

Open spending amounted to 30.6 trillion rubles ($428.4 billion), roughly 1 trillion rubles ($14 billion) less than the amount listed in draft legislation on the implementation of the 2025 budget. Official documents disclosed spending of only 31.6 trillion rubles ($442.4 billion), with the remainder omitted because it was designated secret or top secret.

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Russia had already surpassed its prewar record for classified expenditures in 2023, when secret spending reached 22.6% of the budget.

Before that, the highest share had been 21.7% in 2016, when the government moved to repay loans to defense companies backed by state guarantees ahead of schedule.

The institute said spending under the "national defense" category remained the main driver behind the increase in secret expenditures in 2025, accounting for more than one-third of all federal spending.

It also said some expenditures had been shifted from the open to the classified portion of the budget, particularly social policy spending.

Open social policy expenditures fell to 6.5 trillion rubles ($91 billion) from 8.4 trillion rubles ($117.6 billion), a decline of 26.6% in inflation-adjusted terms.

Combined with what the institute described as "optimization" of spending on healthcare, education, the economy and inter-budget transfers, this left open spending largely unchanged in nominal terms at 30.6 trillion rubles ($428.4 billion) in 2025 versus 30.2 trillion rubles ($422.8 billion) in 2024.

Adjusted for inflation, however, that amounted to a reduction of 3.8%, or 0.4 percentage points of gross domestic product.

Among the 13 categories of open expenditures, excluding debt servicing, inflation-adjusted spending fell in eight sectors, including defense.

Spending on the economy and inter-budget transfers dropped 8%, while the largest increases were recorded in "general state issues" at 42%, housing and utilities at 24%, and healthcare at 7%.

The Gaidar Institute warned that budget pressures were becoming increasingly difficult to sustain and called for tighter spending discipline.

"Risks of chronic budget imbalances from year to year are clearly increasing," it said, adding that expenditures should be brought into line with Russia's revenue-generating capacity.

[Read this article in Russian at The Moscow Times' Russian service.]

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