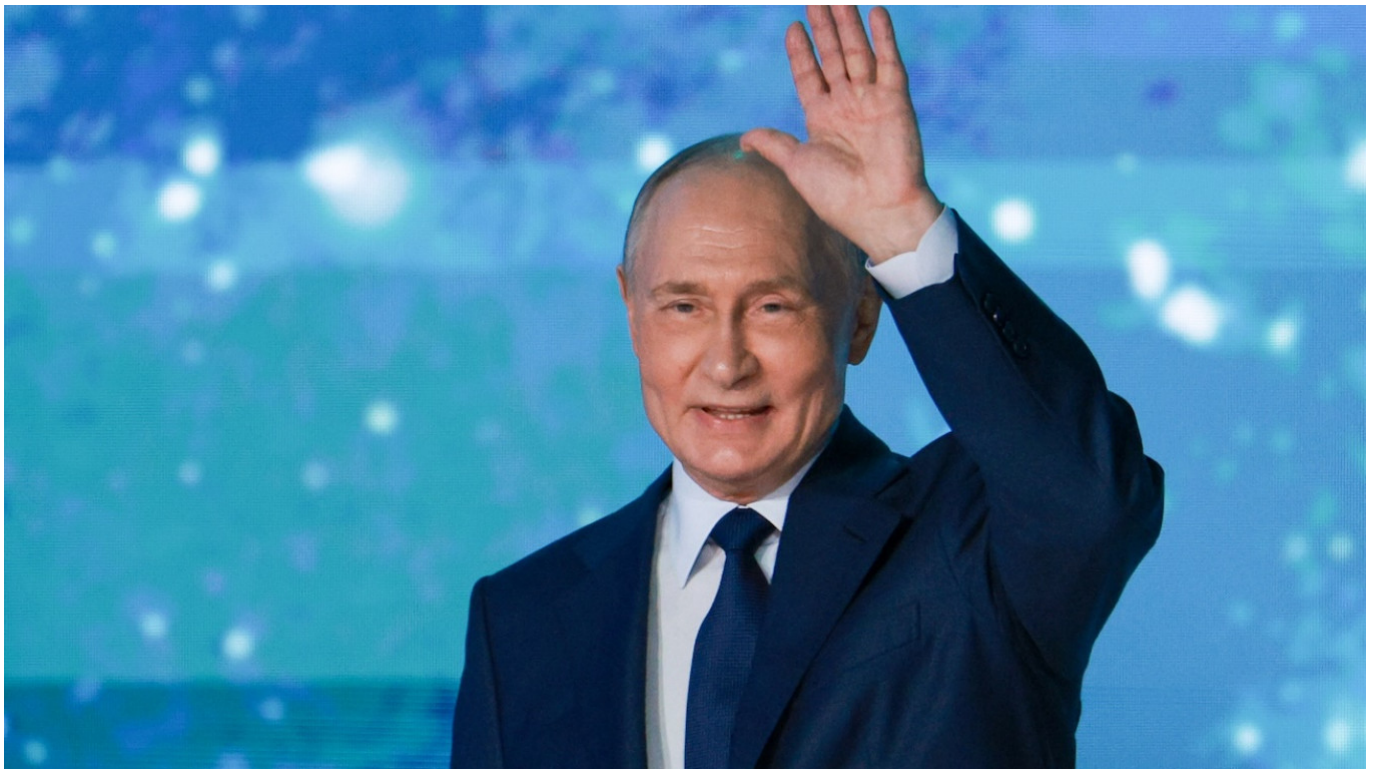


Russia Slashes Funding for Putin's Technology Projects as Budget Strains Mount

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Russia has sharply cut funding for several of President Vladimir Putin's flagship technology development projects as mounting budget pressures and record military spending force the government to redirect resources away from civilian priorities.

Eight of the Kremlin's key "technological leadership" projects received just 201.9 billion rubles (\$2.60 billion) in 2025, down 37.8% from the 324.4 billion rubles (\$4.18 billion) allocated under the federal budget law, according to [calculations](#) by the Center for Macroeconomic Analysis and Short-Term Forecasting (CMASF), a Moscow-based think tank.

The deepest cut hit the space technology project, which received none of its planned 10 billion rubles (\$129 million) in funding.

Spending on the Means of Production and Automation national project, aimed at expanding domestic production of machine tools and industrial robots, was reduced by more than fourfold to 11.8 billion rubles (\$152.2 million) from the planned 52.2 billion rubles (\$673.4

million).

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Funding for the New Materials and Chemistry project was cut to 5.7 billion rubles (\$73.5 million) from 9.4 billion rubles (\$121.3 million), while spending on the Industrial and Transport Mobility project fell to 102.2 billion rubles (\$1.32 billion) from 167.2 billion rubles (\$2.16 billion).

The Health Preservation project, which includes the development of domestically produced medicines and medical equipment, received 4.8 billion rubles (\$61.9 million), down from 5.7 billion rubles (\$73.5 million).

Funding for the Food Security project fell to 13.6 billion rubles (\$175.4 million) from 14.6 billion rubles (\$188.3 million), while spending on the "New Nuclear and Energy Technologies" project declined to 28.6 billion rubles (\$368.9 million) from 30.1 billion rubles (\$388.3 million).

The only technology project to receive full funding — and slightly more than originally planned — was the government's drone development program, which received 35.7 billion rubles (\$460.5 million), compared with the 32.7 billion rubles (\$421.8 million) allocated in the budget.

CMAF said the spending cuts reflected both implementation delays in some projects, including in civilian aviation, and weaker-than-expected budget revenues.

Although the government last year raised corporate profit taxes, increased vehicle recycling fees and introduced a progressive personal income tax scale, federal revenues still came in about 3 trillion rubles (\$38.7 billion) below target, while the budget deficit reached 5.6 trillion rubles (\$72.2 billion).

At the same time, Russia maintained a "high level" of defense spending, the think tank said, with the 2025 budget allocating 13.5 trillion rubles (\$174.2 billion) to military expenditures.

CMAF said Russia's budget pressures had intensified this year. Despite a higher value-added tax rate, the federal budget recorded a deficit of 5.7 trillion rubles (\$73.5 billion) in the first half of 2026. During the first quarter, military spending [accounted](#) for roughly half of all federal expenditures and about two-thirds of all tax revenue collected by the government.

"The execution of the 2025 federal budget shows how vulnerable complex investment projects remain when budget parameters are revised," CMAF wrote.

The think tank warned that further cuts could follow this year. [According to](#) Bloomberg, the Finance Ministry could reduce civilian spending by 2–3 trillion rubles (\$25.8 billion–\$38.7 billion) to cover military expenditures that may exceed budgeted levels by 4–5 trillion rubles (\$51.6 billion–\$64.5 billion). Russia's 2026 federal budget currently allocates 12.9 trillion rubles (\$166.4 billion) for national defense.

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