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The review “Russian Economy. Trends and Outlooks” has been published by the Gaidar Institute since 1991. This is the 44th issue. This publication provides a detailed analysis of main trends in Russian economy, global trends in social and economic development. The paper contains 5 big sections that highlight different aspects of Russia’s economic development, which allow to monitor all angles of ongoing events over a prolonged period: the monetary and budget spheres; financial markets and institutions; the real sector; social sphere; institutional changes. The paper employs a huge mass of statistical data that forms the basis of original computation and numerous charts confirming the conclusions.

Reviewer:

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Municipal and sub-federal debt market in Russia in 2022¹

According to data released by the RF Ministry of Finance, against the backdrop of deteriorating economic dynamic, the consolidated debt of the subjects and municipalities of the Russian Federation amounted to Rb3.16 trillion, or 2.09% of GDP, as of January 1, 2023. Despite an increase by Rb 312.1 bn in nominal terms, it declined in real terms by 3.4%, or 0.9% of GDP. As of January 1, 2022, its size was Rb2.85 trillion, or 2.18% of GDP.

The volume of accumulated debt of the subjects of the Russian Federation stood at Rb2.79 trillion as of early 2023, with the share of budget loans in the total volume of accumulated debt grew at an outpacing rate from 55.4% to 71.0%.

Accordingly, the share of market borrowings declined: the share of accumulated debt in the form of debt securities in the total amount of accumulated debt contracted from 32.3% to 23.4%, in the form of bank loans — from 10.4% to 4.5%.

The volume of municipalities' accumulated debt having dropped in nominal terms by Rb2.1 bn amounted to Rb374.6 bn (*Table 16*). The share of municipalities' debt to superior budgets in the total volume of debt surged nearly twice, from 35.1% to 65.0%, the share of bank loans nosedived almost twice - from 58.4% to 30.2%, and the share of securities went down from 5.3% to 3.7%.

The subjects of the Russian Federation got an opportunity to replace more expensive market borrowings with inter-budget loans as part of the implementation of anti-crisis measures. According to Clause 1.7 of the Plan of priority actions to ensure development of the Russian economy under the external sanctions, approved at the meeting of the Presidium of the Government Commission on Enhancing the Stability of the Russian Economy under Sanctions of March 15, 2022 Federal Law No. 128 FZ of May 1, 2022 “On Amending Articles 9 and 10 of the Federal Law “On Amending the Budget Code of the Russian Federation and Certain Legislative Acts of the Russian Federation and Setting Specifics of Budget Implementation” was adopted.

The above Federal Law stipulated that in 2022 the Ministry of Finance of the Russian Federation had a right to extend budget loans from the federal budget in the amount of up to Rb390.7 bn to the subjects of the Russian Federation whose estimated fiscal capacity index did not exceed 1.5 in 2022, in order to repay commercial debts of the subjects of the Russian Federation (municipal entities). Later on, by Federal Law No. 146-FZ, of 28.05.2022, the above limit was increased up to Rb420.0 bn.

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Table 16

Volume and structure of the state debt of the RF subjects and municipal debt as of January 1, 2022 and 2023

Types of debt securities	Amount of state debt of RF subjects, Rb bn					Amount of municipal debt, Rb bn				
	2022	Share in total debt, %	2023	Share in total debt, %	Increase/decrease, y-o-y, %	2022	Share in total debt, %	2023	Share in total debt, %	Increase/decrease, y-o-y, %
Government (municipal) securities	799.9	32.33	651.8	23.37	8.95	19.9	5.3	13.9	3.7	-30.2
Loans issued by credit institutions, foreign banks and international financial institutions	257.6	10.41	126.2	4.53	5.88	220.0	58.4	113.3	30.2	-48.5
Public budget loans from other budgets of the budgetary system of the Russian Federation	1371.5	55.43	1979.9	71.00	-15.57	132.4	35.1	243.6	65.0	84.0
Government (municipalities) guarantees	39.3	1.59	24.9	0.89	0.70	4.5	1.2	3.8	1.0	-15.6
Other debt liabilities	6.3	0.25	5.9	0.21	0.04	0.005	0.0	0.005	0.0	0.0
Total: amount of state (municipal) debt	2 474.5	100.0	2 788.7	100.0	13.9	376.7	100.0	374.6	100.0	-0.6

Source: Own calculations on data released by the Finance Ministry of Russia.

In addition, in accordance with this Federal Law, the subjects of the Russian Federation in 2022 were exempt from repayment of debt to the Russian Federation on budget loans.

Another source for borrowing of the RF subjects from the federal budget was the provision of budget loans for financial support of infrastructure projects, provided in accordance with the Government of the Russian Federation of 14.07.2021 No. 1190.¹

¹ See in detail: Operational report on the execution of the consolidated budgets of the subjects of the Russian Federation for January-June 2022. Accounting Chamber of the Russian Federation.

As a result, 27 subjects of the Russian Federation accumulated 100% of their debt by the beginning of 2023, which accounted for interbudgetary loans (Table 17).

In this context, in 2022, the number of RF subjects registered the emission of debt securities decreased four-fold, from 24 in 2021 to 6. The following subjects had their prospectuses registered: the Sakha Republic (Yakutia), the Republic of Karelia, the Kaliningrad, Ulyanovsk, Sverdlovsk and Magadan regions. The only municipality that registered the bond issue was the city of Tomsk (in 2021, two municipalities issued bonds).

The largest share of borrowings related to bond issues was taken by St. Petersburg (89.1% of the total structure of accumulated debt), the Sakha Republic (Yakutia) (58.7%), the Krasnoyarsk Krai (56.7%), the Republic of Bashkortostan (39.0%), the Belgorod region (40.8%) and the Moscow region (36.2%).

Table 17

Structure of state debt of the RF subjects as of January 1, 2023

RF Subject	Government (municipal) securities		Loans issued by credit institutions, foreign banks and international financial institutions		Public budget loans from other budgets of the budgetary system of the Russian Federation		Total debt amount*
	Rb bn	Share in total amount, %	Rb bn	Share in total amount, %	Rb bn	Share in total amount, %	Rb bn
Central Federal district	254.00	32.7	13.19	1.7	508.83	65.4	777.48
Belgorod region	12.67	40.8	0.00	0.0	17.32	55.7	31.09
Briansk region	0.00	0.0	0.00	0.0	11.06	100.0	11.06
Vladimir region	0.00	0.0	0.00	0.0	6.71	100.0	6.71
Voronezh region	0.00	0.0	0.00	0.0	20.88	100.0	20.88
Ivanovo region	0.00	0.0	0.00	0.0	11.28	100.0	11.28
Kaluga region	0.00	0.0	0.00	0.0	29.55	100.0	29.55
Kostroma region	0.00	0.0	0.00	0.0	23.69	100.0	23.69
Kursk region	0.59	5.7	0.00	0.0	9.57	93.4	10.25
Lipetsk region	3.70	27.9	0.00	0.0	9.49	71.6	13.25
Moscow region	105.05	36.2	10.36	3.6	174.51	60.2	289.92
Orel region	0.00	0.0	0.00	0.0	22.04	100.0	22.04
Ryazan region	0.00	0.0	0.00	0.0	24.34	100.0	24.34
Smolensk region	0.00	0.0	1.33	5.8	21.75	94.2	23.08
Tambov region	4.55	22.2	0.00	0.0	15.96	77.8	20.51
Tver region	0.00	0.0	0.00	0.0	15.51	100.0	15.51
Tula region	0.00	0.0	1.50	7.5	18.25	91.5	19.94

Moscow. 2022. Pp. 43–44. URL: <https://ach.gov.ru/upload/iblock/877/4voa484h3u2yxeki3y08r7mqfpwl9od7.pdf>; Bukharsky V., Tirsky T., Galieva G. Consolidated budgets of the regions: Sustainability in spite of sanctions. Moscow. 2022. URL: https://raexpert.ru/researches/regions/regional_budgets_2022/

RF Subject	Government (municipal) securities		Loans issued by credit institutions, foreign banks and international financial institutions		Public budget loans from other budgets of the budgetary system of the Russian Federation		Total debt amount*
	Rb bn	Share in total amount, %	Rb bn	Share in total amount, %	Rb bn	Share in total amount, %	Rb bn
Yaroslavl region	12.01	24.8	0.00	0.0	36.39	75.2	48.41
City of Moscow	115.43	74.0	0.00	0.0	40.53	26.0	155.96
North-Western Federal district	93.45	30.7	23.81	7.8	183.84	60.4	304.28
Republic of Karelia	0.80	2.9	6.61	24.2	19.96	72.9	27.37
Republic of Komi	10.00	30.7	0.00	0.0	22.62	69.3	32.62
Arkhangelsk region	0.00	0.0	8.00	17.2	38.58	82.8	46.58
Vologda region	0.00	0.0	0.00	0.0	16.69	99.7	16.75
Kaliningrad region	3.50	12.9	3.00	11.0	19.14	70.5	27.17
Leningrad region	0.00	0.0	0.00	0.0	6.52	100.0	6.52
Murmansk region	0.00	0.0	6.20	30.6	12.48	61.5	20.28
Novgorod region	0.00	0.0	0.00	0.0	18.72	100.0	18.72
Pskov region	0.00	0.0	0.00	0.0	18.99	100.0	18.99
City of St. Petersburg	78.76	89.1	0.00	0.0	9.67	10.9	88.43
Nenets autonomous okrug	0.40	46.2	0.00	0.0	0.47	53.8	0.87
Southern Federal district	31.00	12.7	35.61	14.6	177.86	72.8	244.47
Republic of Adygea (Adygea)	0.00	0.0	0.74	19.9	2.99	80.1	3.74
Republic of Kalmykia	0.00	0.0	0.60	7.0	7.93	93.0	8.53
Republic of Crimea	0.00	0.0	0.00	0.0	5.68	100.0	5.68
Krasnodar krai	24.50	21.8	0.00	0.0	88.06	78.2	112.56
Astrakhan region	0.00	0.0	0.00	0.0	16.11	100.0	16.11
Volgograd region	6.50	10.9	10.10	16.9	43.14	72.2	59.74
Rostov region	0.00	0.0	24.17	63.4	13.95	36.6	38.11
City of Sevastopol	0.00	0	0.00	0	0.00	0	0.00
North-Caucasus Federal district	9.95	13.9	0.00	0.0	61.32	85.7	71.51
Republic of Dagestan	0.00	0.0	0.00	0.0	11.56	100.0	11.56
Republic of Ingushetia	0.00	0.0	0.00	0.0	2.39	100.0	2.39
Kabardino-Balkar Republic	0.00	0.0	0.00	0.0	7.03	100.0	7.03
Karachaev-Cherkassia Republic	1.75	30.2	0.00	0.0	4.05	69.8	5.79
Republic of North Osetia-Alania	0.00	0.0	0.00	0.0	8.67	100.0	8.67
Chechen Republic	0.00	0.0	0.00	0.0	6.35	100.0	6.35
Stavropol krai	8.20	27.6	0.00	0.0	21.26	71.6	29.71

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	Rb bn	Share in total amount, %	Rb bn	Share in total amount, %	Rb bn	Share in total amount, %	Rb bn
Volga Federal district	102.84	15.7	18.15	2.8	530.23	80.8	656.45
Republic of Bashkortostan	15.00	39.0	2.70	7.0	20.71	53.9	38.41
Republic of Mariy El	1.00	9.9	0.00	0.0	9.09	90.1	10.09
Republic of Mordovia	0.00	0.0	3.18	9.4	30.63	90.6	33.80
Republic of Tatarstan (Tatarstan)	0.00	0.0	0.00	0.0	98.52	95.2	103.53
Udmurt Republic	5.00	7.3	0.00	0.0	63.75	92.7	68.75
Chuvash Republic — Chuvashia	0.00	0.0	0.00	0.0	10.61	100.0	10.61
Perm krai	0.00	0.0	1.00	4.9	19.46	95.1	20.46
Kirov region	0.00	0.0	0.00	0.0	24.20	100.0	24.20
Nizhniy Novgorod region	41.50	31.2	0.00	0.0	91.23	68.6	132.95
Orenburg region	3.61	19.8	0.00	0.0	14.65	80.2	18.26
Penza region	0.00	0.0	4.93	19.6	20.24	80.4	25.17
Samara region	18.30	28.7	0.00	0.0	45.45	71.3	63.75
Saratov region	3.50	5.9	0.00	0.0	55.79	94.1	59.29
Ulyanovsk region	14.93	31.6	6.35	13.5	25.90	54.9	47.18
Urals Federal region	60.58	34.2	0.00	0.0	114.38	64.6	177.03
Kurgan region	0.00	0.0	0.00	0.0	17.49	100.0	17.49
Sverdlovsk region	49.18	46.2	0.00	0.0	57.24	53.8	106.42
Tyumen region	0.00	0.0	0.00	0.0	5.18	81.9	6.33
Chelyabinsk region	7.00	18.1	0.00	0.0	30.80	79.6	38.70
Khanty-Mansi autonomous okrug — Yugra	3.40	48.1	0.00	0.0	3.67	51.9	7.07
Yamal-Nenets autonomous okrug	1.00	97.6	0.00	0.0	0.00	0.0	1.02
Siberian Federal district	66.50	20.9	10.60	3.3	234.59	73.9	317.56
Republic of Altai	0.00	0.0	0.00	0.0	2.52	100.0	2.52
Republic of Tyva	0.00	0.0	1.30	32.5	2.70	67.5	4.00
Republic of Khakassia	2.00	8.5	0.00	0.0	21.58	91.5	23.58
Altai krai	0.00	0.0	0.00	0.0	5.30	100.0	5.30
Krasnoyarsk krai	28.71	56.7	0.00	0.0	21.92	43.3	50.63
Irkutsk region	0.00	0.0	0.00	0.0	19.21	100.0	19.21
Kemerovo region — Kuzbass	4.50	7.8	0.00	0.0	47.52	82.1	57.88
Novosibirsk region	13.00	27.2	0.00	0.0	34.88	72.8	47.88
Omsk region	5.00	8.7	9.30	16.2	43.01	75.0	57.31

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	Rb bn	Share in total amount, %	Rb bn	Share in total amount, %	Rb bn	Share in total amount, %	Rb bn
Tomsk region	13.30	27.0	0.00	0.0	35.93	73.0	49.23
Far East Federal district	33.46	13.9	24.84	10.4	168.87	70.4	239.90
Republic of Buryatia	0.00	0.0	3.92	16.7	19.45	83.0	23.43
Republic of Sakha (Yakutia)	28.50	58.7	0.00	0.0	8.76	18.0	48.59
Zabaikalsky krai	0.00	0.0	2.70	8.5	29.05	91.5	31.75
Kamchatka krai	0.70	7.5	5.17	55.5	3.45	37.0	9.32
Primorsky krai	0.00	0.0	0.00	0.0	7.98	94.8	8.42
Khabarovsk krai	3.26	6.4	0.00	0.0	47.53	93.2	51.00
Amur region	0.00	0.0	9.94	30.7	22.45	69.3	32.39
Magadan region	1.00	5.6	3.11	17.3	13.87	77.1	17.98
Sakhalin region	0.00	0.0	0.00	0.0	2.54	100.0	2.54
Jewish autonomous region	0.00	0.0	0.00	0.0	5.60	100.0	5.60
Chukotka autonomous okrug	0.00	0.0	0.00	0.0	8.20	92.3	8.88
Total	651.79	23.4	126.21	4.5	1 979.92	71.0	2 788.69

* In addition to the categories of accumulated debt highlighted in the table, the Russian Ministry of Finance also includes state (municipal) guarantees and "other debt obligations".

Source: Own calculations on data released by the RF Finance Ministry.