OFICINA DE PRESUPUESTO DEL CONGRESO

GENERAL DESCRIPTION OF THE CONTENTS OF THE 2022 NATIONAL GOVERNMENT BUDGET BILL

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October 27, 2021

ISSN 2683-9598

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Executive Summary

The 2022 National Government Budget Bill (PP2022) estimates a growth in Gross Domestic Product (GDP) of 8% year-on-year (YoY) in real terms for 2021 and 4% for 2022. In addition, all components of aggregate demand are expected to increase in real terms in both fiscal years.

The Bill estimates an inflation rate of 45.1% YoY for December 2021 and 33% for December 2022. As for the nominal exchange rate, the projected variations reach 23.9% YoY and 28% YoY, respectively. The PP2022 does not make explicit projections for monetary aggregates or interest rates.

It is estimated that Exports of Goods and Services will grow 26% and Imports will increase 31.3% in 2021, resulting in a Trade Balance of USD 12,878 million, slightly higher than in 2020. In 2022 this balance will be reduced, but will remain at a historically high level.

National Accounts projections show GDP dynamics compatible with those of the different components of aggregate demand. The Consumer Price Index (CPI) and Nominal Exchange Rate (NER) projections would be consistent with each other if a lag of regulated prices is assumed. In addition, the evolution of nominal variables implies a lag of the bilateral real exchange rate, with an average value of 8.7% lower in 2022 than the 2020 average.

The Bill forecasts that by 2022 total revenues will account for 16.7% of GDP[1],which would imply 1.0 percentage point (p.p.) lower than the share projected for the end of 2021. This dynamic would be mainly the result of the high base of comparison, which considers for 2021 ARS 422,174 million in Special Drawing Rights (SDR) from the International Monetary Fund (IMF) and ARS 191,250 million from the Solidarity and Extraordinary Contribution, created to mitigate the effects of the health crisis. Tax revenues are expected to have a comparable share in relation to GDP, and Social Security resources are expected to increase from 4.7% of GDP in 2021 to 5.3% in 2022

Primary expenditures are expected to represent 20.3% of GDP in 2022, which would imply a decrease of 1.5 p.p. compared to fiscal year 2021, driven by the contraction of energy subsidies (0.8 p.p.) and social programs (0.5 p.p.). On the other hand, capital expenditures would go from 2.1% to 2.4% of GDP, explained by the 0.3 p.p. increase in Real Direct Investment. Including debt interest payments, total expenditure would account for 21.9% of GDP, implying a drop of 1.3 p.p. compared to 2021.

The dynamics between revenues and expenditures would result in improvements in the fiscal (-3.6% to -2.9%), primary (-4.1% to -3.6%) and financial (-5.6% to -5.2%) balances. These results do not include profits transferred from the BCRA for ARS800 billion in 2021 (for 2022 there are no plans to receive those profits), nor do they include intra National Government interest.

The Budget Bill contains 95 Sections, of which 31 are new, 11 are amended and 53 are unchanged, in relation to the Budget Law in force. Of these, there are approximately 34 Sections that are not directly and exclusively related to the approval, execution and evaluation of the Budget, in accordance with the provisions of Section 20 of Law 24,156 on Financial Administration and Control Systems of the National Public Sector.

[1] GDP amounts are those reported in the 2022 Budget Bill Message: 2021: 43,100,735 and 2022: 60,177,212 (in millions of current ARS).

Introduction

The National Executive Branch sent the National Government Budget Bill for fiscal year 2022 to the Chamber of Deputies, within the framework of the provisions of Section 100, subsection 6 of the National Constitution.

The Budget proposal includes the Message, the Bill, the annexes, the fascicles by institutional sector and entity, and the annex of statistics by geographic location. Additionally, the Message contains information on the National Government's structural goals, the fiscal policy measures adopted to respond to the second wave of COVID-19 and the budget execution for the first semester of 2021, largely affected by the measures adopted to face the pandemic.

The 2022 Budget Bill Message includes the budgetary policy on expenditure priorities in five pillars: 1) Infrastructure, 2) Health, 3) Education, 4) Science and Innovation and 5) Active Social Inclusion with a Gender Perspective. It also details the public investment policy, estimated tax resources and expenditures, public financing, and fiscal coordination with the provinces. There is a section on the analysis of expenditure by purpose and function and of the cross-cutting categories of the national budget, which includes details of the estimated public production of the main budgetary programs.

Finally, in accordance with current regulations, the projections for Trust Funds, Government-Owned Companies and Other Entities, as well as the consolidated budget of the National Public Sector, are included.

This report analyzes the estimates of the macroeconomic variables on which the 2022 Budget and the 2021 closing projection are formulated, the results expected for next year compared to the estimates for the closing of this fiscal year, the evolution and expected composition of the resources of the National Government and of the expenditures by economic nature. The following are presented as annexes: a) analysis of the consistency of macroeconomic projections, b) detail of National Government employment, c) analysis of the Budget Bill provisions and d) summary of the provincial fiscal outlook.

This report is of a general nature and contains the main aspects of the Budget Bill for the year 2022. Additionally, and separately, the OPC will analyze in detail specific budgetary aspects[3], complementing and enriching the study presented in this report.

[3] Specific reports will analyze national public sector tax revenue, public debt, national public investment, and cross-cutting policies (gender equality, assistance to persons with disabilities, children and adolescents and sustainable environment and climate change). These reports will be available at: https://opc.gob.ar/

Box 1. Revised estimates of fiscal year 2021

The National Government Budget Bill for 2022, submitted on September 15 to the National Congress within the deadlines established by the Law on Financial Administration and Public Sector Control Systems, contains as a basis for comparison the budget forecasts for the closing of fiscal year 2021.

As a contribution to the legislative discussion process, the Argentine Congressional Budget Office (OPC) conducted an analysis of the expenditure magnitudes contained in the Bill and includes its own estimates for fiscal year 2021. Those estimates differ in some cases from those contained in PP2022 for fiscal year 2021 mainly for these reasons:
- Basis of calculation: the budget execution and the updating of the values of certain parameters (RIPTE, Revenue) affecting expenditures as of 09-30-21 and the appropriations in force as of 10-13-21 were considered.-
-Including the fiscal impact of measures after the submission of the PP2022:

-Necessity and Urgency Decree 622/21: In terms of resources, ARS422,174 million are included from the allocation of Special Drawing Rights (SDR) that Argentina received in accordance with its quota participation in the IMF. In terms of expenditures, ARS30,000 million are included for interest.

-Collective agreement for university personnel of September 13, with impact on transfers to universities.

-Resolution 11/21 of the Ministry of Labor, Employment and Social Security: increase of the Minimum, Vital and Mobile Wage with impact on social programs, such as *Potenciar Trabajo* and Unemployment Insurance.

-Administrative Decision 971/21: Budget amendment that reinforces the appropriations of current transfers to provinces.

-Executive Order 719/21: monthly supplement to child allowance.

The estimation of energy subsidies was based on the execution projections from October to December considering physical parameters (including production, natural gas and LNG imports, electricity demand), financial parameters (international fuel prices, domestic prices, incentive remuneration) and the transfer of costs to the tariff schedules.

Otherwise, the projections prepared by the Ministry of Economy were considered.

Table 1 shows that OPC expenditure projection involves a difference of ARS375,809 million (3.9% of total expenditure) with respect to those contained in PP2022, of which 47.2% is related to social benefits and 23.9% to energy subsidies. If these values were to be verified, we would observe a difference equivalent to 0.87 points of GDP.

Table 1. Projected National Government Expenditures 2021

In millions of ARS and as % of GDP

Concept	2021 as per PP2022	2021 as per OPC	Difference	Difference As % of GDP
Social Benefits	4,979,672	5,156,922	177,250	0.41
Energy Subsidies	868,073	957,739	89,666	0.21
Transfers to Provinces	324,176	363,442	39,266	0.09
Transfers to Universities	264,896	304,523	39,627	0.09
Interest	590,193	620,193	30,000	0.07
Total			**375,809**	**0.87**

SOURCE: OPC, based on own estimates and E.Sidif.

As for resources and expenditures for fiscal year 2022, the provisions of the Budget Bill are considered. Therefore, in terms of expenditures, the potential impacts of the budget amendments approved subsequent to the submission of the Bill and which have an impact on the execution of the appropriations of the 2022 Budget are not considered.

Description of macroeconomic projections

The Budget Bill for the year 2022 (PP2022) included macroeconomic projections up to the year 2024. However, this section analyzes the projections for fiscal years 2021 and 2022, since those are the projections that have an impact on revenue and expenditure estimates for fiscal year 2022.

Gross Domestic Product (GDP) and components of aggregate demand

Real GDP growth of 8% (YoY) is projected for 2021. Based on the information published by INDEC at the time this report was prepared, GDP registered a 10.3% (YoY) growth in the first half of the year. Therefore, the annual projection in PP2022 implies that in the second half of 2021 the Argentine economy will grow by 5.7% YoY.

As for the components of aggregate demand, the official projection forecasts that all of them will show growth throughout 2021. Investment and Imports would register the highest expansion rate, with a growth of 31.1% YoY and 26.2% YoY, respectively. Private Consumption, which is the main component of aggregate demand, would register an increase of 9% YoY in 2021. The most significant differences between the first and second half of the year, in terms of growth rate, are observed in Exports, Imports and Investment.

Table 2. Projected 2021 GDP and components of aggregate demand, constant prices

YoY variation %

2021	GDP	Imports	Private Consumption	Public Consumption	Exports	Investment
First Half of the year	10.3	19.3	9.4	4.0	-1.8	55.8
PP2022 Projection	8.0	26.2	9.0	5.2	12.2	31.1
Implied YoY variation Second half of the year	5.7	32.5	8.7	6.2	27.5	14.1

SOURCE: OPC, 2022 Budget Bill and INDEC.

For 2022, the Budget Bill projects GDP growth of 4%. Should this dynamic be verified, GDP would exceed the pre-pandemic level in 2022, although it would remain 3.5% below the peak recorded in 2017. The components of aggregate demand would also show a positive variation in 2022, although more moderate than that forecast for the current year.

However, growth projections for 2022 are affected by statistical carryover[5], so net growth in 2022 depends on the estimates made in terms of the quarterly dynamics of macroeconomic aggregates. To calculate the net growth during 2022, a quarterly and seasonal adjustment of GDP and of the components of aggregate demand consistent with the projections of PP2022 was made.

Based on these estimates, GDP growth in 2021 would leave a statistical carryover to 2022 of 1.1%. End-to-end growth[7] during the year would be 5%. Table 3 shows that all components of aggregate demand would have a positive statistical carryover in 2022. In the end-to-end comparison, there is a contraction in Exports and Imports, which would be more than offset by high statistical carryover. The rest of the components of aggregate demand would show a positive variation in the end-to-end comparison.

[5] The statistical carryover is calculated from the seasonally adjusted series of a given variable, comparing the average of a year with the value of the last quarter of the previous year. Thus, the statistic carryover is the growth (or contraction) that a variable would experience each year, if it did not show any variation in seasonally adjusted terms during that time.
[7] End-to-end growth of a variable is calculated as the growth rate of the seasonally adjusted value of this variable at the end of year t with respect to the seasonally adjusted value of this variable at the end of year t-1.

Table 3. Projected 2022 GDP and components of aggregate demand, constant prices

YoY variation %

2022	GDP	Imports	Private Consumption	Public Consumption	Exports	Investment
Fourth Quarter 2021 Carryover	+1.1	+11.7	+3.0	+2.0	+9.4	+3.1
PP2022 Projection for 2022	4.0	9.4	4.6	3.1	7.5	6.6
End-to-end Growth	+5.0	-3.2	+4.3	+2.0	-2.1	+5.5

SOURCE: OPC, based on 2020 Budget Bill.

Inflation, exchange rate and deflator

Based on the PP2022 projections, the nominal exchange rate (NER) would be ARS 102.4 per dollar in December 2021 and ARS 131.1 per dollar in December 2022. These values imply an average for 2021 and 2022 of ARS 95.22 and ARS 117.95 respectively. These projections imply that the depreciation rate in the last three months of 2021 would be 1.4% per month, below the monthly average for January-September (1.9%), but higher than the average for the third quarter of the year (1.1% per month). Throughout 2022, the average monthly rate of depreciation would be 2.1%.

As for prices, PP2022 projects a CPI variation of 45.1% as of December 2021 and 33% as of December 2022. The 2021 projection implies an average monthly inflation rate of 1.9% for the last quarter of the year (below the 3.6% average observed in the first nine months). The average monthly inflation rate in 2022 would be 2.4%.

Table 4. Projections of NER, CPI and GDP Deflator

YoY variation %

Concept	NER December	CPI December	IPI average
PP2022 Projection for 2021	23.9	45.1	45.3
PP2022 Projection for 2022	28.0	33.0	34.2

SOURCE: OPC, based on 2022 Budget Bill

As a result of the dynamics of the NER and CPI, the bilateral real exchange rate would appreciate 3.8% YoY in 2021 (10.8% in December) and 5.2% YoY in 2022 (1.5% in December).

Foreign trade in Goods and Services

The Executive Branch projects that the Argentine economy will have a trade surplus in Goods and Services in 2021 and 2022. This year, exports of Goods and Services would amount to USD 81,067 million, 26% higher than in 2020. This projection implies that the growth rate of foreign sales should double in the second half of the year. As for imports, a total of USD 68,189 million is projected for this year. The growth rate in the second half of the year would then be comparable to that observed in the first half of the year.

For 2022, Imports are projected to grow at a higher rate than Exports, so that the Trade Balance would contract 27.6% YoY. The slowdown in import growth is in line with a lower relative increase in GDP and Investment.

Table 5. Projections of Foreign Trade in Goods and Services

In millions of USD and YoY variation %

Concept	In millions of USD			YoY Var. %		
	Exports	Imports	Trade Balance	Exports	Imports	Trade Balance
First Half 2021	39,578	32,394	7,184	+19.6%	+30.4%	-12.9%
PP2022 Projection for 2021	81,067	68,189	12,878	26.0%	31.3%	3.9%
Second Half 2021 implicit	41,489	35,795	5,694	+32.8%	+32.1%	+37.3%
PP2022 Projection for 2022	85,887	76,565	9,322	5.9%	12.3%	-27.6%

SOURCE: OPC, based on 2022 Budget Bill and INDEC.

The comparison of the evolution of Exports and Imports at constant and current prices allows inferring that the conditions of trade would improve 8% YoY in 2021, and then fall 4% YoY in 2022.

Consistency analysis

The Budget Bill for the year 2022 (PP2022) includes a macroeconomic scenario until 2024, based on projections of National Accounts, Foreign Trade, Exchange Rate, and Inflation. This section analyzes the consistency between the projected values for this set of variables, and points out the possible risks in the projected trajectory.

GDP and components of aggregate demand

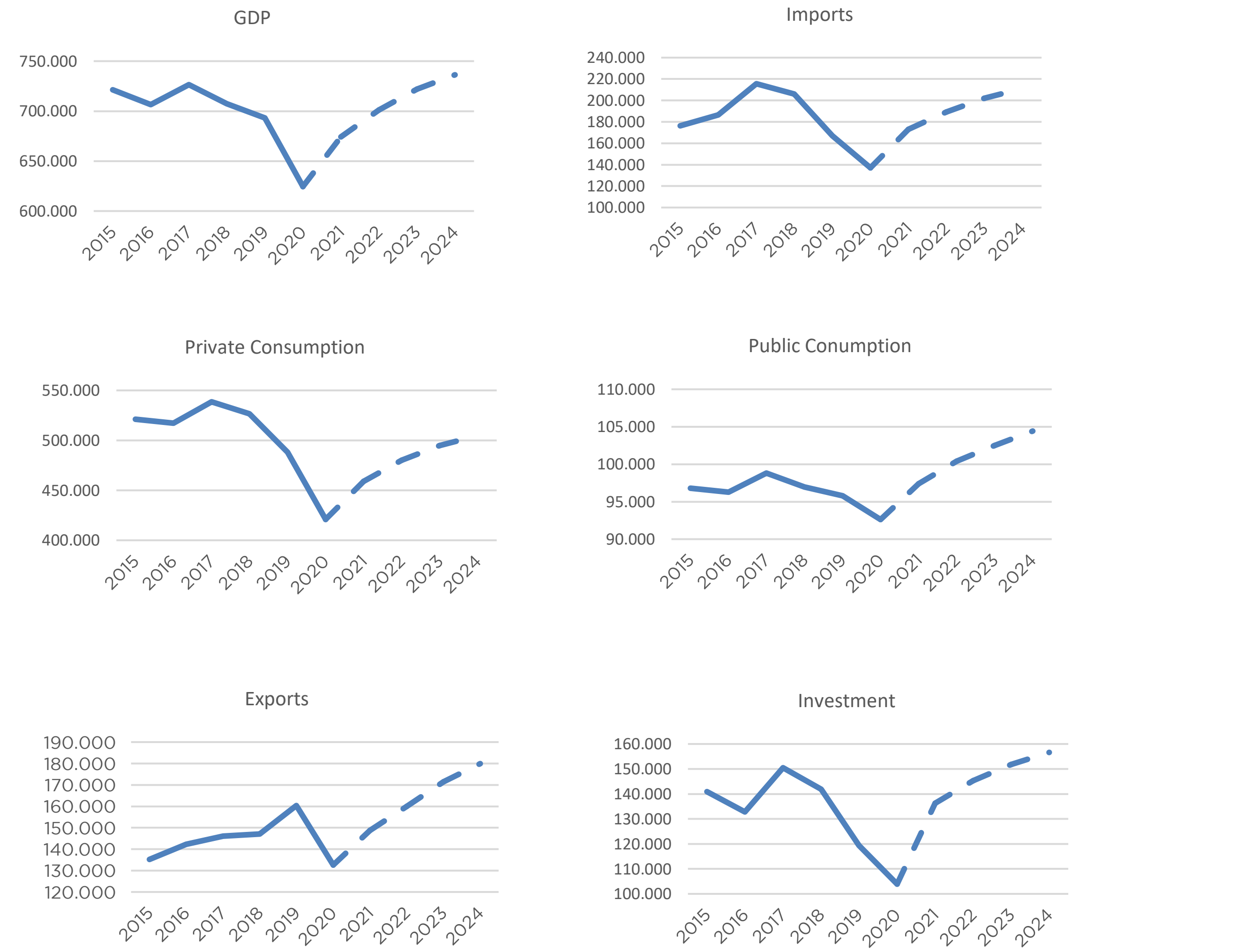
First, it is observed that GDP and aggregate demand projections are consistent with each other. On the one hand, Aggregate Supply and Aggregate Demand have variations compatible with each other. The variations of the components of Aggregate Demand are also consistent.

In addition to the projections, PP2022 reports assumptions on world growth (6% in 2021 and 4.9% in 2022), soybean price (expected to remain stable) and local soybean production (a 9% increase in 2022). Under these assumptions, the projected increase in exports for the coming years would be high.

On the other hand, the projections imply that a significant change in the trend of the main variables would be observed as of this year. In addition, by 2024, GDP, Public Consumption, Exports, and Investment would have surpassed the historical maximums previously observed, although Private Consumption would not. The description of the macroeconomic context in PP2022 does not allow us to explain this changes, beyond the assumptions previously explained.

Figure 1. Expected dynamics of GDP and its components

Billions of ARS, constant prices



SOURCE: OPC, based on 2022 Budget Bill and INDEC.

The change in the composition of aggregate demand, as well as the contribution of each of these components to GDP growth, is analyzed in greater detail in Annex I.

Prices and Nominal Exchange Rate

PP2022 makes explicit the CPI and NER projections for 2021-2024. This allows, with an estimate of RIPTE evolution for 2021-2024[9], inferring the underlying dynamics of the Regulated CPI.

The results of this exercise, which are detailed in Annex I of this document, indicate that the inflation projections included in PP2022 would require, to be achieved, a sustained delay in utility tariffs. Otherwise, it would be necessary to use other nominal anchors (such as nominal exchange rate or wages) to keep inflation at the values projected by the Ministry of Economy.

Similarly, taking the PP2022 exchange rate and wage projections, the inflation required to keep tariffs unchanged in real terms would be higher than projected.

[9] The Average Taxable Compensation of Stable Employees (RIPTE) projection for 2021-2022 was taken from the information published by the news agency *Télam* on September 16. The projections for 2023-2024 are our own.

Additionally, an underestimation in the CPI projection would have an impact on the IPI estimate and, therefore, on the National Accounts projections.

Real Exchange Rate and Foreign Trade

PP2022 projects a robust real growth of Exports and Imports of Goods and Services for 2022-2024. This would also take place in a context in which relative prices of foreign trade would allow maintaining a Trade Balance above historical values.

On the other hand, based on the projected dynamics of the NER and CPI, with reasonable inflation assumptions for the United States and the world[11], we can estimate the dynamics of the Multilateral Real Exchange Rate (ITCRM) consistent with the forecasts of PP2022. The ITCRM would fall 3.8% in 2022, with a moderate recovery in the following two years. Therefore, the ITCRM at the end of 2024 would have a value comparable to that of mid-2021. The December 2024 ITCRM would be 9.8% lower than the most recent peak, reached in September 2019. This, together with the fall in net exports, implies that, despite the increase in foreign sales, the dynamics of Argentine macroeconomy would not be assimilable to an export-led growth model[12].

Monetary aggregates, interest rate and external sector

The PP2022 does not include monetary aggregates or interest rate projections. The only significant data of a monetary nature that is made explicit in the Bill is the number of Temporary Advances expected for 2022, which would amount to ARS 2.3 trillion. However, it is not possible to infer the Executive's projection of the Monetary Base from this value, since there are several additional uncertainties, including the percentage of use of Temporary Advances in relation to the maximum limit and the issuance of Temporary Advances for the remainder of the year.

As for the external sector, PP2022 includes projections for the Trade Balance, but not for the rest of the components of the Balance of Payments. For this reason, it is not possible to analyze the consistency of the macroeconomic projections for the Balance of Payments, the exchange rate, and the Central Bank's International Reserves.

[11] We used OPC projections for global inflation of 4.2% for 2021, 5.2% for 2022, 5% for 2023 and 4.6% for 2024.
[12] Scheme in which GDP growth is driven mainly by increased exports.

Revenue, Expenditure and National Government Balances

The Budget Bill for fiscal year 2022 estimates revenues for ARS 10,055,313 million, which would imply a real drop[13] of 1.9% YoY compared to 2021 estimated by OPC, and a level of primary expenditure that would reach ARS 12,239,607 million, equivalent to a contraction in real terms of 3.2% YoY. Total revenue to be received would represent a 16.7% share of GDP (one point less than in 2021), while primary expenditures would be 20.3%, which would imply a 1.5 p.p. decrease.

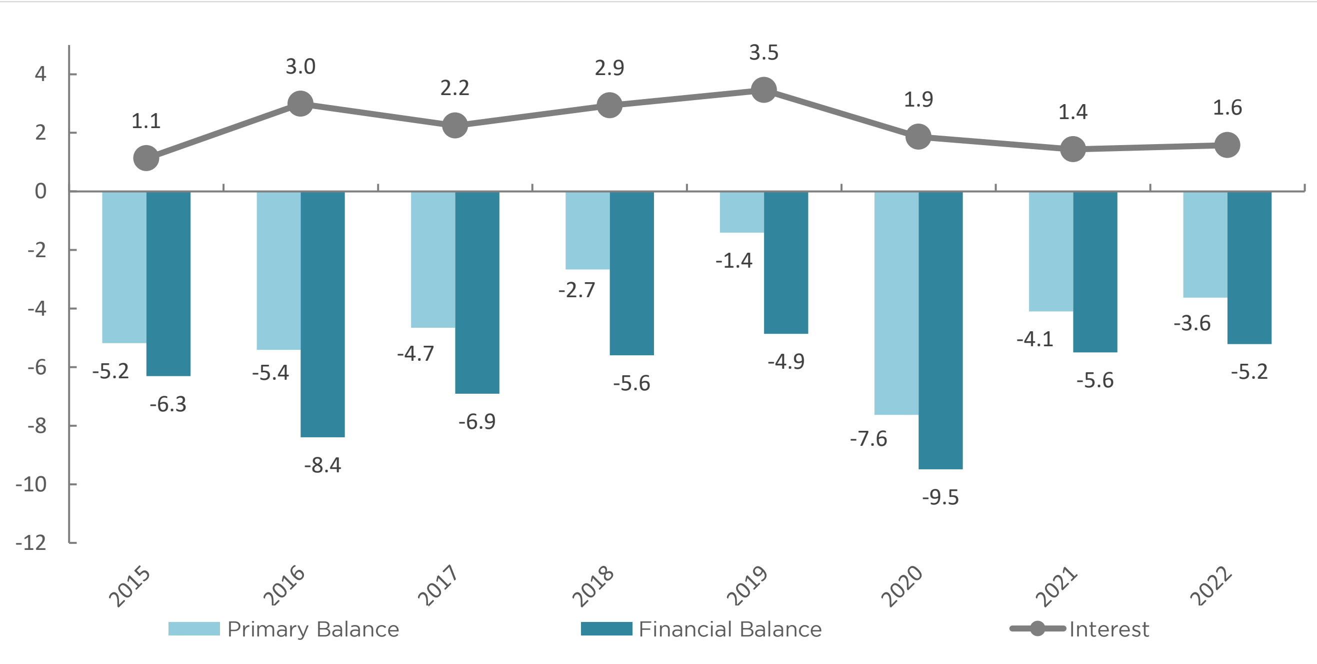
Debt interest payments are projected at ARS 951,562 million, which would represent a real increase of 14.1% YoY and would be equivalent to 1.6% of GDP. Consequently, in the year-on-year comparison, total expenditure would fall at a slower pace than primary expenditure in terms of GDP (-1.3 p.p.).

The dynamics between revenue and expenditure would result in an improvement in the fiscal, primary, and financial balances. The fiscal balance would go from a deficit of 3.6% of GDP to a deficit of 2.9%. The primary balance is expected to go from a deficit of 4.1% to a deficit of 3.6% in terms of GDP. Finally, the projected financial deficit would be 5.6% of GDP at the end of 2021 and 5.2% in 2022.

The financial deficit of ARS 3,135,856 million is expected to be financed with the difference (net financing) between estimated financial sources of ARS 10,606,437 million and expected financial applications of ARS7,470,582 million[14].

Figure 2. National Government Primary balance, financial balance, and Interest

2015-2022 (*), as % of GDP



(*) On the revenue side, it excludes property income generated by National Government assets held by the FGS and profits transferred from the BCRA. On the expenditure side, it excludes interest paid on National Government assets held by National Government agencies, mainly from the FGS.

SOURCE: OPC, based on own estimates for 2021 and 2022 Budget Bill.

[13] For the calculation of real variations, the average (implicit) projection of the Consumer Price Index (CPI) included in PP2022 for 2022 of 34.6% YoY was used as a deflator.
[14] A detailed analysis on financing is available in the report Budget Bill 2022 Public Debt.

Table 6. National Government Revenue, Expenditure and Balances

2021 and 2022, in millions of ARS, nom. and real var. % YoY, % of GDP and var. in percentage points (p.p.)

Concept	Estimate for 2021	Budget Bill 2022	Nom Var. % YoY	Real Var. % YoY	2021 GDP %	2022 GDP %	Var p.p.
I. Current Revenues	**7,592,491**	**10,028,437**	**32.1**	**-1.8**	**17.6**	**16.7**	**-0.9**
Tax Revenues	4,615,428	6,409,706	38.9	3.2	10.7	10.7	0.0
Social Security Contributions	2,031,212	3,175,250	56.3	16.2	4.7	5.3	0.6
Non-tax Revenues	306,294	212,841	-30.5	-48.4	0.7	0.4	-0.3
Sale of Goods and Service	14,110	20,916	48.2	10.2	0.0	0.0	0.0
Property Income (*)	195,950	188,053	-4.0	-28.7	0.5	0.3	-0.2
Current Transfers	429,497	21,671	-95.0	-96.3	1.0	0.0	-1.0
II. Current Expenditures	**9,130,865**	**11,753,840**	**28.7**	**-4.3**	**21.2**	**19.5**	**-1.7**
Social Benefits	5,156,922	6,761,735	31.1	-2.6	12.0	11.2	-0.8
Economic Subsidies	1,316,224	1,349,550	2.5	-23.8	3.1	2.2	-0.9
Operating Expenses and others	1,325,121	1,779,701	34.3	-0.2	3.1	3.0	-0.1
Transfers to Provinces	363,442	451,927	24.3	-7.6	0.8	0.8	0.0
Transfers to Universities	304,523	410,722	34.9	0.2	0.7	0.7	0.0
Others	44,804	48,643	8.6	-19.3	0.1	0.1	0.0
Interest (**)	619,829	951,562	53.5	14.1	1.4	1.6	0.2
III. Fiscal Balance (I-II)	**-1,538,373**	**-1,725,403**	**12.2**	**-16.6**	**-3.6**	**-2.9**	**0.7**
IV. Capital Revenues	**24,269**	**26,876**	**10.7**	**-17.7**	**0.1**	**0.0**	**-0.1**
V. Capital Expenditures	**888,462**	**1,437,328**	**61.8**	**20.2**	**2.1**	**2.4**	**0.3**
Direct Real Investment	285,995	581,152	103.2	51.0	0.7	1.0	0.3
Capital Transfers	510,358	733,004	43.6	6.7	1.2	1.2	0.0
Financial Investment	92,110	123,172	33.7	-0.6	0.2	0.2	0.0
VI. Total Revenue	**7,616,760**	**10,055,313**	**32.0**	**-1.9**	**17.7**	**16.7**	**-1.0**
VII. Total Expenditure	**10.019,327**	**13,191,169**	**31.7**	**-2.2**	**23.2**	**21.9**	**-1.3**
VIII. Primary Expenditure	**9.399.498**	**12,239,607**	**30.2**	**-3.2**	**21.8**	**20.3**	**-1.5**
IX. Primary Balance (VI-VIII)	**-1,782.738**	**-2,184,294**	**22.5**	**-8.9**	**-4.1**	**-3.6**	**0.5**
X. Financial Balance (VI-VII)	**-2,402,567**	**-3,135,856**	**30.5**	**-3.0**	**-5.6**	**-5.2**	**0.4**
Profit from BCRA	800,000	-	-	-	1.9	-	-
Profits from within National Gov.	100,809	145,352	44.2	7.2	0.2	0.2	0.0
Interest expenditure within NG	100,809	145,352	44.2	7.2	0.2	0.2	0.0

There may be discrepancies between the values reported in each year and the variations because of rounding.
(*) Excludes property income generated by assets of the National Government owned by the FGS and profits transferred from the BCRA.
(**) Excludes interest paid on assets held by National Government agencies, mainly FGS.
SOURCE: OPC, based on own estimates for 2021 and 2022 Budget Bill.

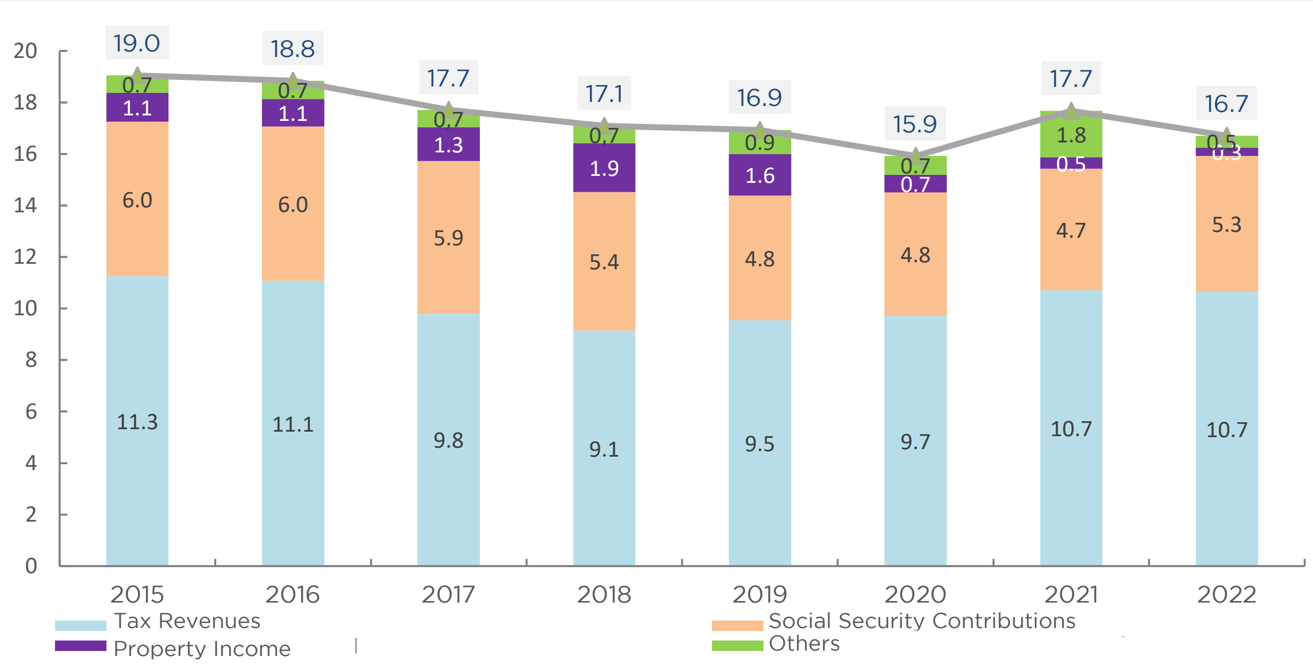
Revenue

For fiscal year 2022, the Budget Bill sent by the National Executive Branch estimates revenues for ARS 10,055,313 million, which represents a share in GDP of 16.7%, 1.0 p.p. less than in 2021 (17.7%), and a drop in real terms of 1.9% YoY, with respect to the amount estimated to be collected at the end of 2021 (ARS 7,616,760 million). This amount includes ARS 422,174 million from the allocation of Special Drawing Rights (SDR) that Argentina received in accordance with its quota in the International Monetary Fund (IMF), as established in the DNU 622/21 of September 17.

> *A 0.1 p.p. of GDP drop in total resources is estimated for 2022.*

Figure 3. National Government Revenue

2015- 2022, as % of GDP



(*) Excludes property income generated by assets of the National Government held by the FGS and profits transferred from the BCRA.

SOURCE: OPC, based on own estimates for 2021 and 2022 Budget Bill.

As for tax revenues[15], the most important item within resources, ARS 6,409,706 million are expected to be collected, remaining constant in terms of GDP (10.7%), and showing a recovery in real terms of 3.2% YoY.

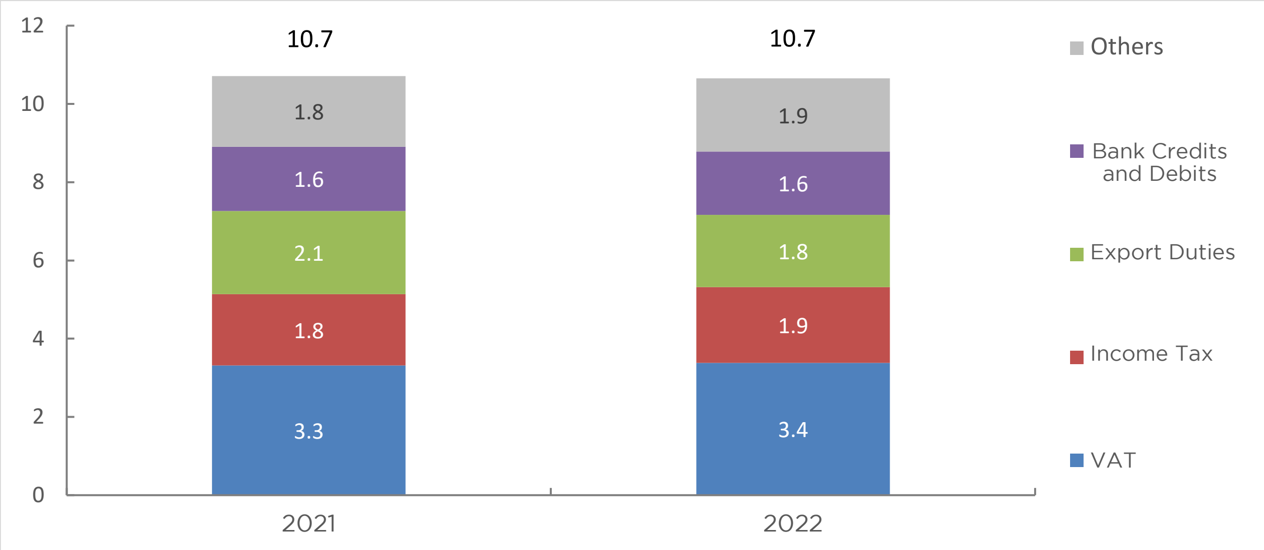
The estimates for VAT collection (ARS 2,035,186 million) and Income Tax (ARS 1,163,486 million) stand out for their amounts, with an expected improvement of 0.1 p.p. in GDP, with respect to the current fiscal year, for both taxes. Export Duties (ARS 1,113,064 million) are expected to improve their performance during 2021, going from a share of 2.1% to 1.8% of GDP (-0.3 p.p.).

As for other taxes, small increases in the GDP share of the Wealth Tax (0.03 p.p.) and Tax for an Inclusive and Solidarity Argentina (PAIS Tax) (0.04 p.p.) stand out.

[15] Tax revenues and Social Security Contributions at the National Public Sector level will be analyzed in a specific report.

Figure 4. Tax Revenues

2021 and 2022, as % of GDP



SOURCE: OPC, based on own estimates for 2021 and 2022 Budget Bill.

Social Security contributions are estimated at ARS 3,175,250 million, which would imply an improvement in its share of GDP, from 4.7% to 5.3% (0.6 p.p.). The estimated improved performance is attributed to the expected increase in nominal taxable wages and in the number of contributors to the system.[16]

Non-tax revenues, which include resources from fees, duties, premiums, fines, royalties, rents, and others, are estimated to amount to ARS 212,841 million, with a 0.36 p.p. drop in their share of GDP, from 0.71% to 0.35%. This is mainly explained by the addition, during 2021, of ARS 191,250 million[17] for the Solidarity and Extraordinary Contribution, created on a one-time emergency basis to mitigate the effects of the COVID-19 pandemic.

From the sale of goods and services (0.03% of GDP), ARS 20,916 million is expected to be received, which represents the same ratio in GDP as in 2021.

Property income is expected to amount to ARS 188,053 million (0.3% of GDP), which implies a drop in terms of GDP of 0.2 p.p. with respect to the amount estimated for the end of 2021. Neither the amounts of profits from the BCRA nor the profits generated within the National Government are included. For 2021, ARS 800,000 million are projected from profits of the BCRA and the collection of ARS 100,809 million for interest generated in financing operations within the Public Sector. For 2022, no amounts are expected to be received from the BCRA and a total of ARS 145,352 million is estimated for interest within the National Government.

As for current transfers, ARS 21,671 million are expected to be received, which would imply a decrease of 1.0 p.p. of GDP, with respect to 2021, which includes ARS 422,174 million from the IMF SDRs.

[16] The number of registered employees will have an average annual increase of 1.5%, and the Average Taxable Compensation of Stable Employees (RIPTE) will register an annual average increase of 40.1%. Net of average inflation, the variation in real terms will be positive by 4.1% YoY. The RIPTE projection for the term 2021-2022 was taken from the information published by the news agency *Télam* on September 16, 2021.

[17] This amount relates to the National Government. The estimated annual collection amounts to ARS225,000 million, the difference will be allocated to the Socio-Urban Integration Fund.

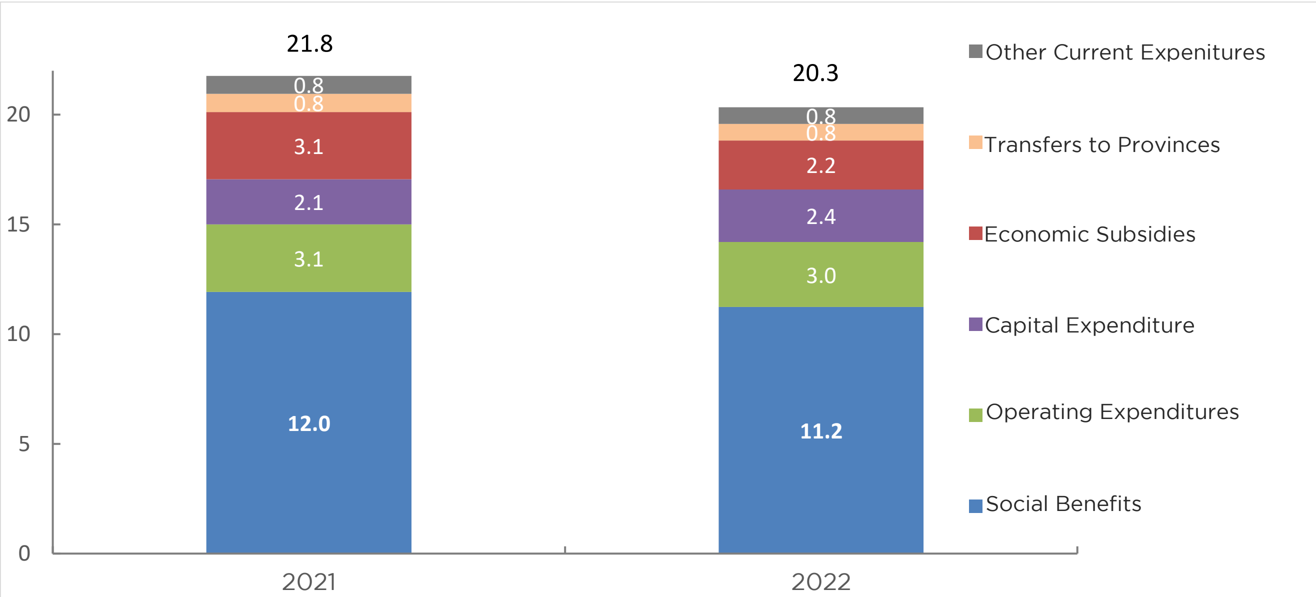
Finally, capital revenues, which include the sale of machinery, buildings, and facilities, would amount to ARS 26,876 million, reflecting a 0.1 p.p. decrease in their share of GDP. Capital transfers are projected as the most important item, reaching ARS 26,409 million. For the other components, own capital resources (sale of assets) and the decrease in financial investment (recovery of short- and long-term loans), are projected to receive ARS 311 million and ARS 155 million, respectively.

Expenditure

For 2022, projected primary expenditure would reach ARS 12,239,607 million (20.3% of GDP), decreasing 1.5 points with respect to the previous year (21.8%). On the other hand, including debt interest, total expenditure would amount to ARS 13,191,169 million (21.9% of GDP), implying a drop of 1.3 points with respect to 2021.

For 2022, energy subsidies are expected to fall by 0.8 points of GDP and capital expenditures are expected to rise by 0.3 points.

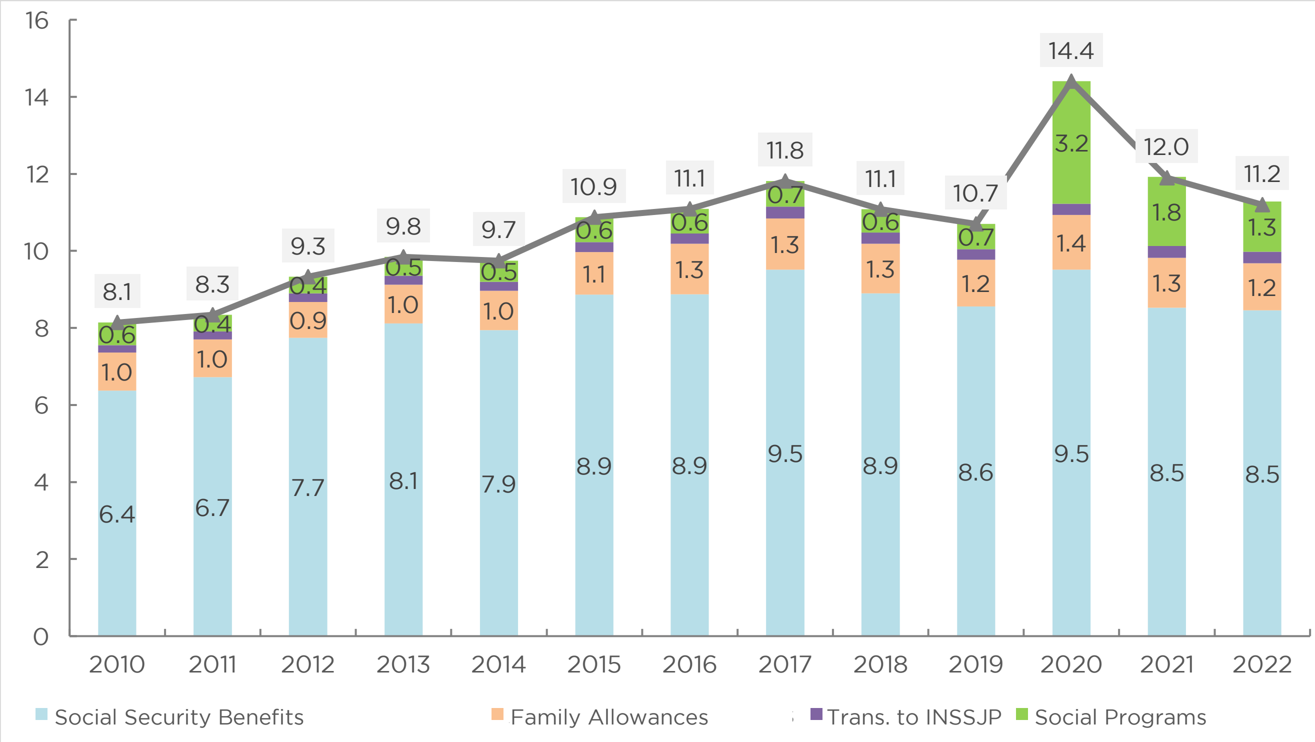
Figure 5. Primary Expenditure
2021 and 2022, as % of GDP



SOURCE OPC, based on own estimates for 2021 and 2022 Budget Bill.

Based on the PP2022 projections, the expenditures that would decrease the most next year would be social benefits and economic subsidies. For the former, a fall of 0.8 points in relation to GDP is estimated (from 12.0% to 11.2%) and for the latter of 0.9 p.p. (from 3.1% to 2.2%). On the other hand, capital expenditure is expected to be the item with the largest relative increase (+0.3 p.p.).

Figure 6. Expenditure on Social Benefits
2010 and 2022, as % of GDP



SOUCE: OPC, based on own estimates for 2021 and 2022 Budget Bill.

Social benefits were budgeted at ARS 6,761,735 million (11.2% of GDP), which would imply a reduction of 0.8 p.p. of GDP compared to 2021.

This reduction mainly derives from transfers to social programs (1.3% of GDP), which would fall by 0.5 p.p. of GDP. However, a historical analysis of this expenditure component reveals that the term 2019-2022 is the only one that is expanding, rising from 0.7% of GDP in 2019 to 1.3% in 2022.

Social security benefits remain at 8.5% of GDP, while family allowances (including Universal Child Allowance - AUH) would be reduced from 1.3% of GDP in 2021 to 1.2% in 2022.

Pension expenditure, in the amount of ARS 5,090,517 million (8.5% of GDP), which represents 41.6% of Primary Expenditure, comprises transfers for pensions (ARS 4,638,683 million, 7.7% of GDP) and non-contributory pensions (ARS 451,834 million, 0.8% of GDP). In constant currency, the level of expenditure expected for fiscal year 2022 would imply a real growth of 3.0% YoY, reversing the trend of the last four years. This variation would be mainly a result of the updating of benefits, which within the framework of the current mobility formula depends, in equal parts, on the variation of wages (RIPTE) and the tax collection allocated to the ANSES. For next year, an increase of 40.1% YoY in wages and 40.7% YoY in allocations is expected, both above the projected inflation (34.6% YoY)[18].

In terms of physical targets, a total of 8.6 million benefits are expected to be provided during fiscal year 2022, with an average monthly benefit value of ARS 45,513.

[18] Average annual variation is considered.

Table 7. Social Security Benefits

2022, in physical quantities, millions of ARS and ARS

Program / Subprogram	Benefits (quantity)	Appropriation (ARS million)	Monthly Benefit (ARS)
Pay-as-you-go scheme ANSES	3,086,705	2,571,326	64,079
Pension Moratorium ANSES	3,477,923	1,479,013	32,712
Military Personnel	80,812	151,765	144,462
Security Forces and Federal Penitentiary Service	104,074	207,374	153,274
Park Rangers Pension Benefits	246	349	109,266
Council of the Judiciary	N/A	366	N/A
Former Provincial Funds	108,554	121,143	85,844
Universal Pension for Older Adults	242,769	77,075	24,422
Former combatants and political prisoners	27,749	30,271	83,914
Subtotal Retirement and Pension Benefits	**7,128,832**	**4,638,683**	**50,049**
Non-contributory Pensions (DNU 746/2017)	357,114	141,645	30,511
Non-contributory Pensions for Occupational Disability	1,117,171	310,190	21,358
Subtotal Non-contributory Pensions	**1,474,285**	**451,834**	**23,575**
Total	**8,603,117**	**5,090,517**	**45,513**

SOURCE: OPC, based on 2022 Budget Bill.

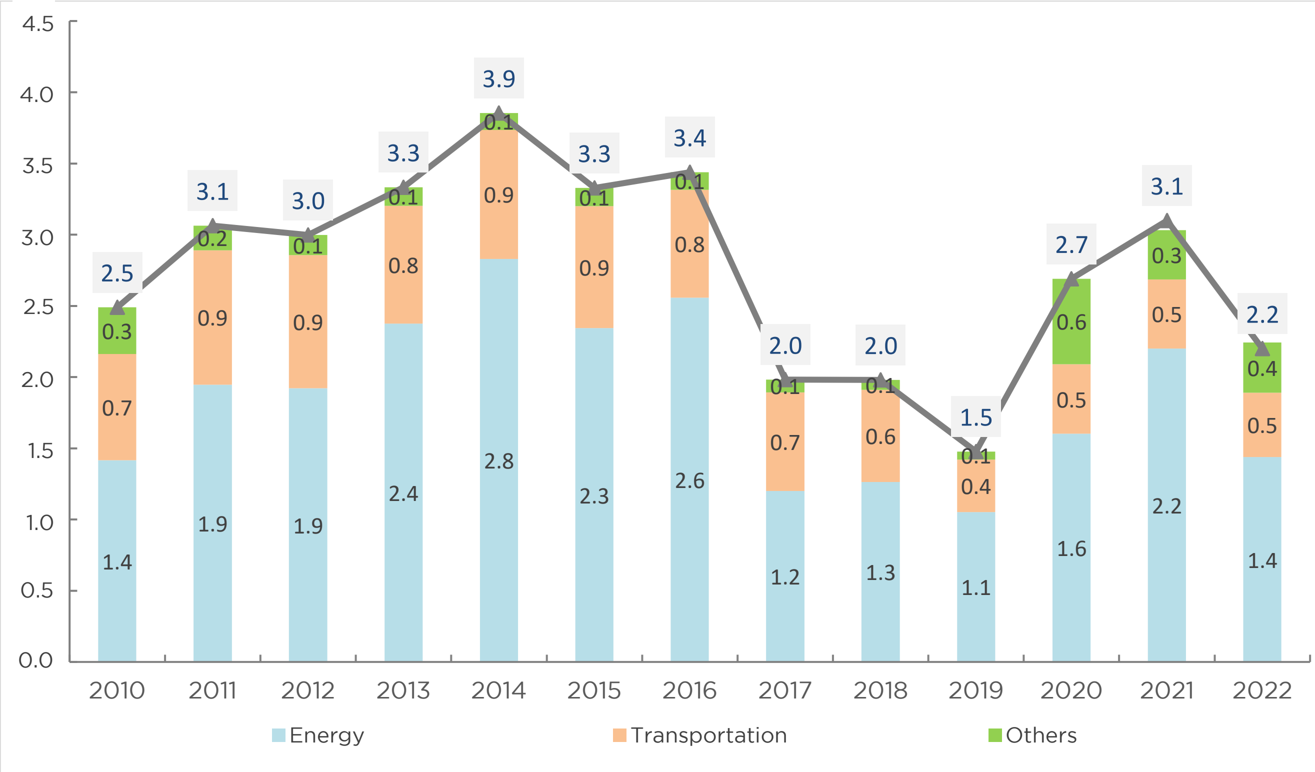
Family allowances are budgeted at ARS 733,652 million, being 5.2% YoY lower than the 2021 projection, while transfers to the National Institute of Social Services for Retirees and Pensioners (INSSJP) (ARS 154,717 million) increase by 2.5% YoY. Although the evolution of both concepts depends mainly on the Benefit Mobility Law, for family allowances the comparison base has an influence, mainly because of the extraordinary aids granted in 2021 (ARS 15,000 bonus for Universal Child Allowance (AUH)/Universal Pregnancy Allowance (AUE) beneficiaries residing in the Greater Buenos Aires Area (AMBA) through Executive Order 261/21 and Monthly Supplement for the Family Wage (Executive Order 719/21).

Allocations to social programs will amount to ARS 782,849 million, 0.5 p.p. of GDP below the level forecast for this year (1.8% of GDP) and representing a drop of 26.8% YoY in constant currency. Within this group, the main components administered by the Ministry of Social Development evolved differently. In the Food Policies program (ARS 265,531 million, 0.4% of GDP), where the Food Card benefit stands out, with a value ranging from ARS 6,000 to ARS 12,000 depending on the number of children, a growth of 3.9% YoY is observed. On the other hand, in the *Potenciar Trabajo* program (ARS 236,221 million, 0.4% of GDP), which is aimed at contributing to employability and the generation of new initiatives in the "popular economy" with a benefit equivalent to 50% of the Minimum Vital and Mobile Wage, the amount of the allowances implies a cut of 14.3% YoY.

Additionally, most of the remaining social programs are projected to have a lower level of execution compared to 2021. Among others, those reinforced during 2021 to address the pandemic by COVID-19 stand out: Employment Actions -REPRO II (-60.2% YoY), *Progresar* Education Grants (-57.7% YoY), Health Insurance Agents (-25.2% YoY) and Unemployment Insurance (-19.6% YoY). Reductions were also observed in specific programs to address the pandemic, such as the Health Care Workers' Bonus[19].

[19] The projection of the execution of the 2021 Budget includes an increase in expenditures approved after the submission of the 2022 Budget Bill, which will have an impact on this fiscal year, increasing the basis for comparison.

Figure 7. Expenditure on Economic Subsidies
2010-2022, as % of GDP



SOURCE: OPC, based on own estimates for 2021 and the 2022 Budget Bill.

Economic subsidies were budgeted at ARS 1,349,550 million (2.2% of GDP), which represents a 0.9 p.p. drop with respect to the projected closing for 2021 (3.1% of GDP). The estimated drop is mainly explained by the reductions in energy subsidies, which will go from 2.2% to 1.4% of GDP, and which would imply progressing in a recompositing of electric energy and natural gas tariffs, which, according to the National Ministry of Economy, is intended to be segmented.

Transportation subsidies would remain constant in relation to GDP (0.5% of GDP), and 0.4% of GDP would be allocated to other functions.

Total expenditure on energy subsidies amounts to ARS 865,049 million, of which more than 70% are transfers to *Compañía Administradora del Mercado Mayorista Eléctrico S.A.* (CAMMESA) (ARS 609,198 million), showing a drop of 25.4% YoY in constant currency and 0.4 percentage points in terms of GDP for fiscal year 2022 (from 1.4% to 1.0%) Considering that the evolution of this concept depends on the differential between the costs of electricity generation and the tariffs paid by users, compliance with this budget forecast would imply a path of tariff recomposition. In this sense, the Budget Message states that the Average Coverage of the Average Wholesale Electricity Cost by Means of the Tariff Paid by Users would be 43%.

As for the natural gas sector, the transfers to IEASA (ARS 132,117 million), which allows subsidizing the gap between the import price of natural gas and LNG and the sale price in the domestic market, represents a reduction of 30.8% YoY. Such dynamics, in a context of an increase in the exchange rate and international energy prices, would imply a recomposition of natural gas tariffs through networks charged to users.

On the other hand, within the Hydrocarbon Policy Execution and Implementation Program, there are allocations related to energy subsidies for ARS 105,529 million, which represents a reduction of 42.7% YoY. This includes ARS 73,887 million in subsidies for natural gas supply, which represents a 45.3% drop with respect to the closing forecast for 2021, and another ARS 31,643 million (-35.3% YoY) for different activities related to Natural Gas and LPG demand.

In terms of supply-side subsidies, the Gas AR 2020-2024 Plan stands out, with an allocation for 2022 of ARS 62,459 million, with the purpose of incentivizing with a stimulus price the increase in the production of natural gas. It is expected that the activity will reach a subsidized production volume of 7,529 million cubic meters (MMm3), somewhat lower than the amounts allocated through Resolution 391/20 of the Secretariat of Energy. As for the performance indicators, a year-on-year increase in Natural Gas Production of 4.3% and a Production Stimulus Rate of 17.03% are expected. Additionally, in the Stimulus Program for Investments in Natural Gas Production Developments from Unconventional Reservoirs (Resolution 46/2017), expenditures for ARS 11,428 million are considered, related to an included production volume of 919 MMm3.

The following activities will be financed under the natural gas demand subprogram:

- *Hogares con Garrafas* (Households with Gas Bottles) Program (ARS 20,195 million), which directly subsidizes low-income households or social or community housing that consume bottled LPG. For 2022 this policy is expected to reach 3 million households.
- Financial Support to Gas Distribution Companies (ARS 5,187 million), aimed at compensating the lower revenues that the licensees of the natural gas distribution service through networks receive because of the benefits or bonuses given to the users
- Actions to Guarantee Supply Conditions of Undiluted Propane Gas (ARS 6,261 million).

In 2022, activities in transportation subsidies include allocations for ARS 272,393 million (0.5% of GDP), remaining constant in relation to GDP and implying a drop of 3.4% YoY in real terms. Transfers to the passenger motor vehicle transportation sector (ARS 139,596 million, -2.7% YoY) stand out, with social tariff activities and allocations to the national system (ARS 111,996 million) being 3.9% YoY lower than at the end of 2021, and those transfers allocated to the Compensation Fund for Urban Public Transportation outside the Greater Buenos Aires Area (ARS 27,000 million), with a growth of 0.3% YoY. On the other hand, transfers to the railroad system will amount to ARS 114,295 million, which implies a reduction of 3.6% YoY.

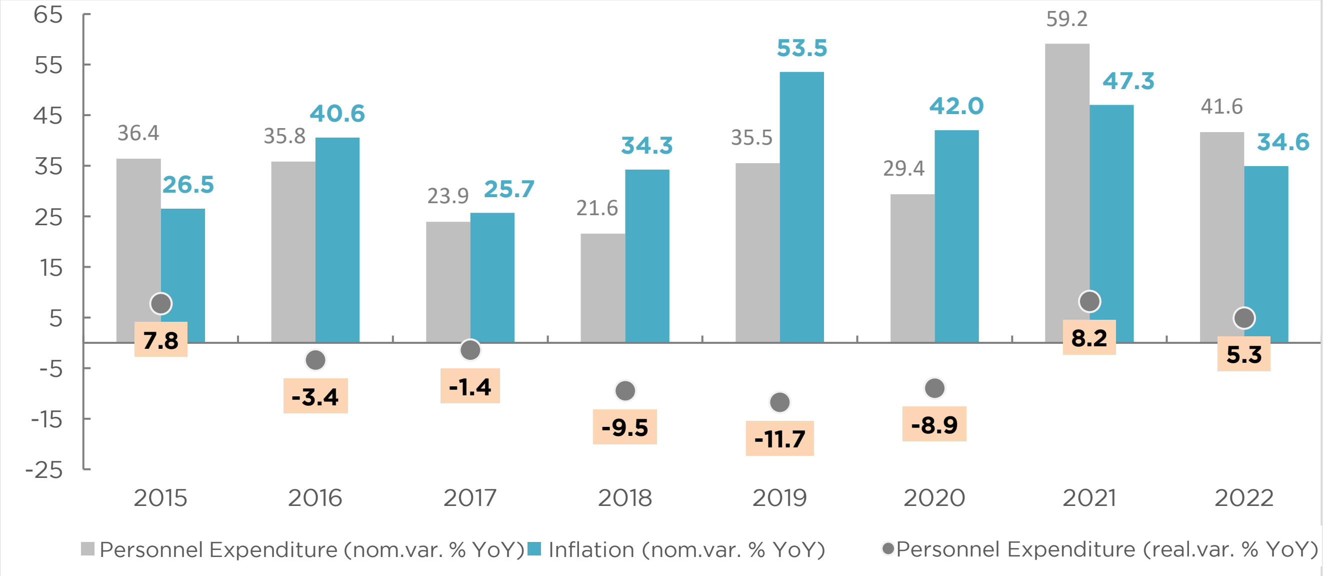
Finally, economic subsidies in other functions amount to ARS 212,108 million, with a real increase of 5.8% YoY, mainly explained by the increase in transfers to FONDEP/FOGAR with allocations of ARS 95,578 million (+9.2% YoY). On the other hand, transfers to AYSA (ARS 47,772 million) increased by 5.8% YoY and to *Correo Argentino* (ARS 22,730 million) by 0.6% YoY.

Operating expenditures projected for the next fiscal year would reach an amount of ARS 1,779,701 million, implying a 3.0% in terms of GDP (3.1% in 2021). Among them, expenditure on personnel is estimated at ARS 1,308,816 million, which will imply a slight increase in its share of GDP, from 2.1% in 2021 to 2.2% in 2022.[20]

[20] An analysis of National Government employees is shown in Annex II.

Figure 8. Personnel Expenditure and Inflation

2015-2022, in YoY nom. var. % and YoY real var. %



SOURCE: OPC, based on E.Sidif, INDEC and 2022 Budget Bill.

In 2021, personnel expenditure increased in nominal terms by 59.2% YoY, mainly because of the wage policy for 2021[21] and the carryover of wage increases for 2020[22]. Although wages negotiated throughout this year increased by around 40%, in the first months of the year the Executive and Legislative Branches reflected the adjustments of the previous year (4% in February, 6% in March and 8% in May for the Executive Branch, and 8% in February and 10% in April for the Legislative Branch).

The rest of the operating expenditures are expected to reach 0.8% of GDP (0.9% in 2021). These expenditures include the procurement of goods and payment of services and are estimated at ARS 470,885 million. Expenditures related to the procurement and transfer service of the vaccine for COVID-19, which are projected at AR 122,265 million, stand out. A total of 80 million doses of COVID-19 vaccine are expected to be purchased and 40,975,941 people are expected to be inoculated. In addition, the Budget Bill Message states that the National Census will be carried out in May of next year, and therefore, an extraordinary appropriation to the National Institute of Statistics and Censuses of ARS 12,846 million is included for expenses related to census activities.

Transfers to provinces would amount to ARS 451,928 million, equivalent to 0.75% of GDP (0.84% in 2021). The allocations for the Fiscal Strengthening Fund of the Province of Buenos Aires (ARS 84,562 million), the National Teacher Incentive Fund (ARS 68,319 million), the Transfers to Provincial Pension Funds (ARS 58,477 million) and those for the financing of Law 27,606, which provided for the transfer of certain security powers and functions to the Autonomous City of Buenos Aires

[21] For fiscal year 2021 the agreed wage increases were: for the Judicial Branch and the Public Prosecutor's Office: 10% in March, 9% in June, 10% in July and 12.5% in September, in accordance with Agreements 9 and 17/21 of the Supreme Court of Justice of the Nation; for the Legislative Branch: 4 increments of 10% in March, 9% in June, 10% in July and 12.5% in September, in accordance with Joint Resolution 2/21; and for the personnel included in the General Collective Labor Agreement for the Executive Branch: 10% in June, 9% in August, 11% in September, 5% in October and 5% in February 2022, in accordance with Executive Order 414/21 and the Wages Negotiation Agreement of 8/19/2021.

[22] During 2020, wages adjustment agreed in the context of the health crisis was 7% in the month of October for the personnel of the Executive and Legislative Branches. In the first months of 2020, these sectors were impacted by the adjustments for the 2019 fiscal year (5% in January and 5% in February for the Executive Branch and 8% in February and 10% in April for the Legislative Branch). The Judicial Branch personnel accumulated a 30.1% increase as of December 2020.

(CABA) (ARS 39,375 million) stand out in terms of their amounts. These allocations together account for more than 50% of the total amount estimated for current transfers to the provinces.

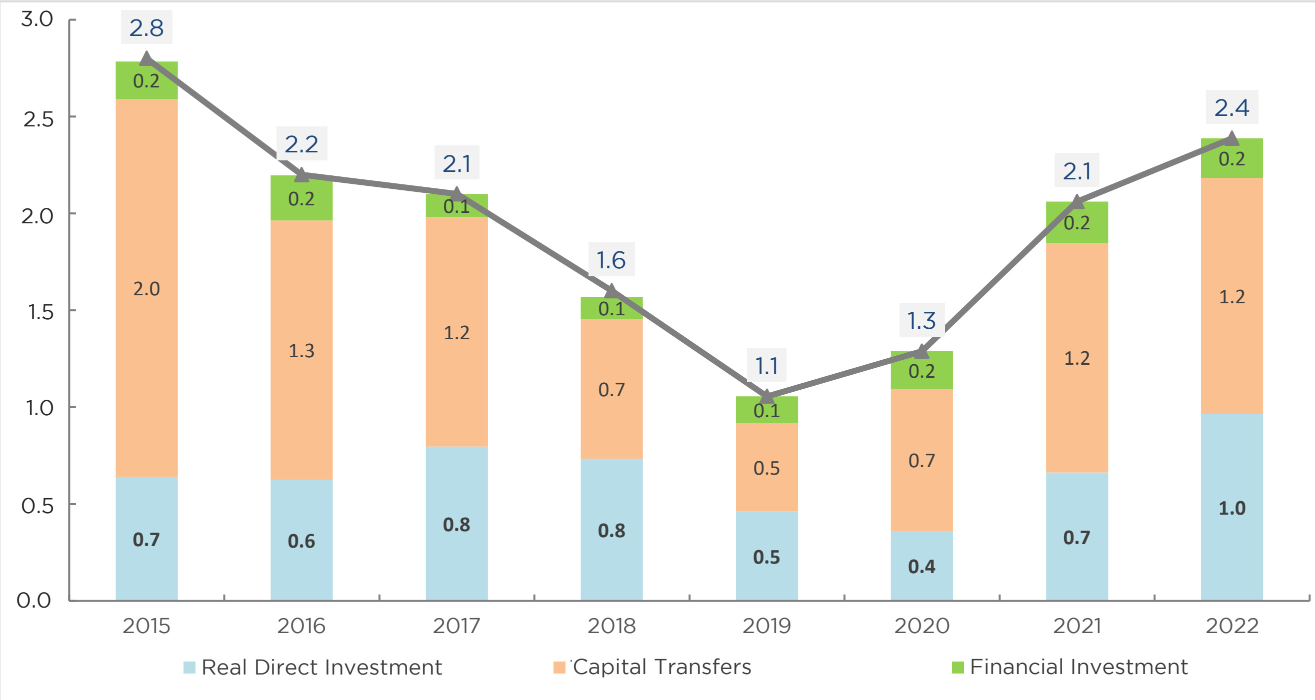
Transfers to universities would reach ARS 410,722 million with a 0.7% share of GDP, thus remaining the same as expected for the end of 2021.

Other operating expenditures, which include mostly expenditures related to core activities, would total ARS 48,643 million maintaining the same share of GDP as in the current fiscal year (0.1%).

The last item within operating expenditures is debt interest, estimated at ARS 951,562 million. It is expected to increase its share of GDP by 0.1 percentage points in 2022 (1.6% of GDP), compared to that expected in 2021.

Figure 9. Capital Expenditure

2015 a 2022, as % del PIB



SOURCE: OPC, based on 2022 Budget Bill and INDEC

Projected capital expenditures for 2022 amount to ARS 1,437,328 million, which implies that they would gain 0.3 p.p. in relation to GDP in 2022 (from 2.1% to 2.4%). This growth would be driven by real direct investment, from 0.7% to 1.0%, while capital transfers and financial investment would remain constant.

Real direct investment, totaling ARS 581,152 million (1.0% of GDP), is concentrated mainly in Investment Projects (ARS 402,601 million) and secondly in the acquisition of capital goods (ARS 178,551 million). As for Investment Projects, the following 10 (representing 36.4% of total project expenditures) of the 1,564 budgeted projects stand out:

Table 8. Top 10 Investment Projects

2022, in millions of ARS

Projects	2022
Construction of Stage I of the Néstor Kirchner - Transport.Ar Natural Gas Pipeline between Tratayén (Province of Neuquén) and Salliqueló.	57,088
Track and Corridor Renewal of the General Belgrano Freight Railroad (CDB S/N)	19,751
Construction of CAREM Low Power Reactor - Phase II	14,181
Undergrounding of the Sarmiento Railroad	9,138
Construction of RA-10 Reactor	8,800
Construction and Rehabilitation of Urban Corridors in the Central Region of the Country	7,850
Maintenance by Administration and Emergency Assistance in Different Routes	7,666
Comprehensive Improvement of the General Roca Railroad - Constitución - La Plata Branch (IDB No. 2982/OC-AR)	7,647
Northwest Region Corridor (NOA) Several Highways	7,367
President Juan Domingo Perón Highway	6,937
Total	146,425

SOURCE: OPC, based on 2022 Budget Bill

Within the acquisition of capital goods (ARS 178,551 million), the procurement of computer equipment by the Ministry of Education, within the framework of the *Juana Manso - Conectar Igualdad* Federal Plan, stands out with ARS 70,404 million. Within the framework of this program, the distribution of 1,550,000 technological equipment for access to educational contents and the provision of connectivity to 40,000 schools is forecast for 2022. Secondly, the acquisition of rolling stock for the upgrading of the railroad branches (Mitre, Sarmiento, San Martín, Roca, and Belgrano Sur lines) (ARS 19,402 million), by the Ministry of Transportation, stands out. Both programs would represent more than half of the budget allocated to the acquisition of capital goods.

On the other hand, capital transfers (1.2% of GDP), which would total ARS 733,004 million in 2022, are mainly related to housing and urban development (ARS 205,795 million) and potable water and sewerage (ARS 185,213 million), which together would represent more than half of the capital transfers for 2022. From the point of view of the recipients, transfers to provinces and municipalities (ARS 267,702 million) and to other Public Sector entities (ARS 421,241 million), mainly the Social Housing Trust Fund, the Trust Fund for the Argentine Bicentennial Credit Program for Single Family Housing (Pro.Cre.Ar), the companies *Agua y Saneamientos Argentinos S.A.* (AYSA S.A.) and *Integración Energética Argentina S.A.* (IEASA S.A.) stand out.

Table 9. Capital transfers by function

2022, in millions of ARS and Physical quantities

Function	2022	Public Production	2022
Housing and Urban Development	205,795	Social housing construction (finished housing)	16,563
		PROCREAR Program (finished housing)	9,510
Potable Water and Sewerage	185,213	Inclusion of beneficiaries in the potable water system	1,646,910
Transportation	82,216	Execution of works through Agreements with provinces (intervention)	4
Education and Culture	71,851	Construction and expansion of kindergartens (classroom built)	1,778
Energy, Fuel and Mining	64,055	Financial Assistance for the construction of gas pipelines (work completed)	7
Others	123,874		
Total	733,004		

SOURCE: OPC, based on 2022 Budget Bill.

Finally, financial investment (0.2% of GDP) will be concentrated in capital contributions to *Aerolíneas Argentinas* (ARS 68,283 million) and to international organizations (ARS38,935 million).

Annex I – Consistency Analysis of Macroeconomic Projections

Contribution of components of aggregate demand to growth

The macroeconomic projections in PP2022 imply a gradual change in the composition of aggregate demand, with an increasing importance of foreign trade.

The Budget Bill forecasts imply that Imports, Exports, Investment and Public Consumption will have a higher GDP ratio in 2021-2024 than the pre-pandemic average. Thus, there would be a change in the composition of aggregate demand with respect to its recent structure.

Table 10. Components of aggregate demand

As % of GDP

Year	Imports	Private Consumption	Public Consumption	Exports	Investment
Average 2004-2019	23.5	69.6	12.2	22.1	19.1
2020	21.9	67.4	14.8	21.2	16.6
2021	25.7	68.1	14.4	22.1	20.2
2022	27.0	68.5	14.3	22.8	20.7
2023	28.0	68.5	14.2	23.7	21.0
2024	28.7	68.6	14.2	24.4	21.3

SOURCE: OPC, based on 2022 Budget Bill.

By disaggregating the growth of aggregate demand by each of its components, we can see that Exports would be a very important driver of the increase, second only to Private Consumption.

Table 11. Contribution of aggregate demand to growth

Percentage points

Year	Private Consumption	Public Consumption	Investment	Exports
2021	5.1	0.6	2.2	4.3
2022	2.5	0.4	1.3	1.1
2023	1.7	0.2	1.3	0.7
2024	1.1	0.2	0.9	0.5

SOURCE: OPC, based on 2022 Budget Bill.

Prices, Exchange Rates and Tariffs

As discussed in the consistency analysis section, PP2022 provides projections of the CPI General Level and Nominal Exchange Rate. Also using RIPTE projections, the dynamics of regulated prices consistent with the PP2022 inflation forecast can be calculated. The results of this estimate are shown in Table 12.

Table 12. CPI and determinants

YoY variation %

Year	CPI General Level		RIPTE		NER		Regulated Prices	
	Average	Year-end	Average	Year-end	Average	Year-end	Average	Year-end
2021	47.3	45.1	43.6	50.6	34.8	23.9	30.7	28.0
2022	34.6	33.0	40.1	38.3	23.9	28.0	21.7	30.0
2023	28.4	25.0	29.9	23.7	25.0	23.0	20.5	13.5
2024	22.2	20.0	22.7	21.9	19.6	17.2	11.6	10.0

SOURCE: OPC, based on 2022 Budget Bill and own estimates.

This analysis shows that, to comply with the CPI variation projections, it is required that the NER and regulated prices continue to act as nominal anchors, in other words, that they show negative real variations. Regulated prices would accumulate a fall in real terms of 27% between September 2021 (last official data) and December 2024. Taking December 2019 as a starting point, the real drop would be 40.9%. In addition, regulated prices would be required to fall by an average of 0.9% per month for the remainder of the year to make the overall CPI level grow in a manner consistent with the PP2022 inflation projection for this year, according to the CPI projection model used by the OPC. On the other hand, by the end of 2023, the real exchange rate would be at a level below the average of the first half of 2019.

Based on the above, it is concluded that the CPI and NER projections reflected in PP2022 would require a deepening of the real lag of regulated prices until reaching, in December 2024, levels lower than those of the beginning of 2016, or else a lower-than-expected wage growth.

Real Exchange Rate and Foreign Trade

One way to analyze the consistency between Foreign Trade and ITCRM projections is by calculating the ITCRM consistent with the variations in Exports and Imports projected in PP2022. For this purpose, an exercise was carried out to estimate the real exchange rate necessary to obtain the projected growth rates for Exports and Imports, taking as input the PP2022 projections and reasonable assumptions of world inflation. For the rest of the variables, average behaviors observed in recent years are used. The results are presented in Table 13.

Table 13. Multilateral real exchange rate, annual average

YoY variation %

Year	ITCRM		
	PP2022	Compatible with Exports growth	Compatible with Imports growth
2022	-3.8	8.7	-7.9
2023	1.8	17.5	-5.9
2024	2.2	7.3	-4.0

SOURCE: OPC, based on 2022 Budget Bill and own estimates.

The variations of the ITCRM compatible with the growth of Exports and Imports are different from each other given the rest of the assumptions. The variations of PP2022 are in the interval between both values. Although this exercise has a high margin of error because of the multiplicity of determinants of Foreign Trade, it is indicative of the difficulty in explaining the variations of Foreign Trade from the rest of the PP2022 projections.

An overestimation of imports would also imply an overestimation of Investment since these are two strongly correlated components of aggregate demand.

Annex II – National Government Employment

The number of employment positions included in the Budget Bill totals 361,302, of which 85.4% belong to the Executive Branch (308,569 positions), 7.3% to the Judicial Branch (26,513 positions), 4.4% to the Legislative Branch (15,784 positions), and the remaining 2.9% to the Public Prosecutor's Office (10,436 positions).

The total positions budgeted for the next fiscal year represent an increase of 1.8% (+6,388 positions) with respect to the positions for the current fiscal year.

Table 14. National Government employees

2021 and 2022, total number and YoY var. %

Branch	2021 (*)	2022	Variation	
			Total	%
Total National Government	354,914	361,302	6,388	1.8
Executive Branch	302,696	308,569	5,873	1.9
Judicial Branch	26,441	26,513	72	0.3
Legislative Branch	15,625	15,784	159	1.0
Public Prosecutor's Office	10,152	10,436	284	2.8

(*) Based on: Administrative Decision (DA) 4/21, AD 281/21, AD 449/21, AD 460/21, AD 613/21, AD 707/21, AD 894/21.

SOURCE: OPC, based on 2022 Budget Bill.

The Executive Branch is projected to increase the number of positions by 5,873, including 2,245 in the Ministry of Security (38.2%), 1,118 in the Ministry of Science, Technology, and Innovation (19.0%), and 1,108 in the Ministry of Labor, Employment and Social Security (18.9%).

In terms of distribution, 56.9% of the positions belong to the Ministry of Defense (103,717 positions) and the Ministry of Security (101,727 positions). The rest (43.1%) is distributed among 23 institutional sectors (155,858 positions).

Figure 10. Distribution of National Government Employees by Institutional Sector

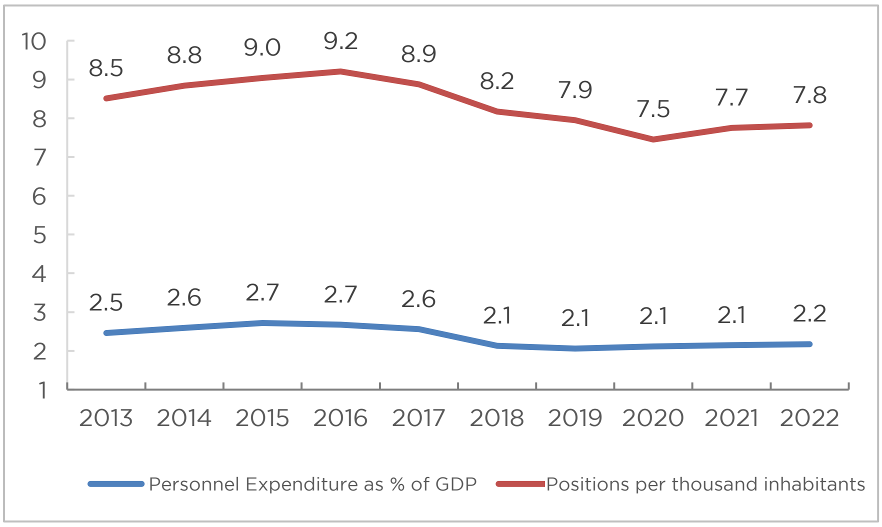
2022, in number of positions

SORUCE: OPC, based on 2022 Budget Bill

As for teaching hours, PP2022 includes 316,171 hours. Of these hours, 29.5% belong to the Ministry of Defense, 11.3% to the Ministry of Security, 11.1% to the Ministry of Productive Development, 10.0% to the Office of the Chief of Cabinet of Ministers, 9.3% to the Office of the President of the Nation, and the remaining 28.8% will be distributed among 14 institutional sectors.

Figure 11. National Government Employees per thousand inhabitants and personnel expenditure as a percentage of GDP

2013-2022, as % of GDP

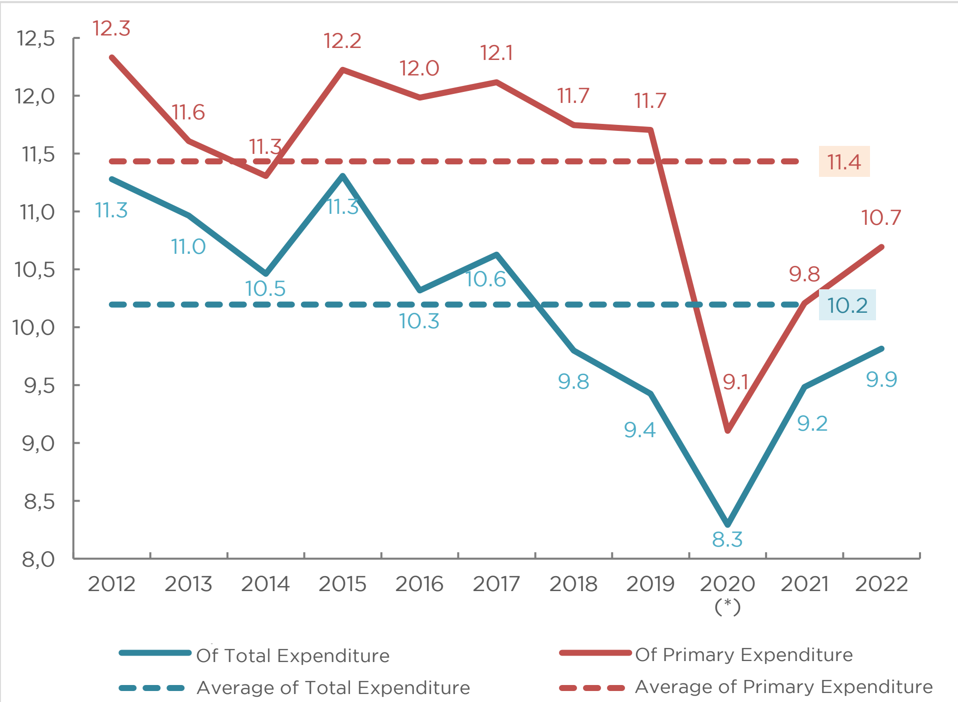


During the last few years, the number of National Government employees per thousand inhabitants increased until 2016. Then it decreases, showing an increasing trend as of the current fiscal year. Similar behavior is observed in the evolution of personnel expenditure in terms of GDP, reaching a share of 2.2% in 2022.%.

SOURCE: OPC, based on 2022 Budget Bill, Budget Laws of each year and INDEC.

Figure 12. Evolution of personnel expenditure as a percentage of total and primary expenditure

As % of GDP



Appropriation allocated for personnel expenditure during 2022 represents 9.9% of total expenditures and 10.7% of primary expenditure. Both ratios are below the average of recent years.

(*): Includes COVID-19 expenditures accrued during fiscal year 2020.

SOURCE: OPC, based on 2022 Budget Bill and National Government Financial Report for each fiscal year.

Annex III - Analysis of Budget Bill provisions

The following is an analysis of new sections that are included in the 2022 Budget Bill and those amended with respect to 2021 Budget Law 27.591.

- *31 new Sections*
- *11 amended Sections*
- *53 Sections remain unchanged*

The current Budget Law consists of 134 Sections and the Budget Bill for the next fiscal year consists of 95 Sections.

Title I- General Provisions

Chapter I- The budget of expenditures and resources of the National Government

Section 6 (amended): establishes the number of National Government employment positions and teaching hours and states that increases that exceed the totals set forth in the schedules annexed to the Section cannot be approved.

In contrast to the Section in force, the Chief of Cabinet of Ministers is empowered to increase the number of employment positions by virtue of the relocation of personnel in accordance with the terms of the third section of the Agreement approved by Executive Order No. 415/21.

This provision establishes that for one time only and until December 31, 2023, permanent employees included in the Collective Sectorial Labor Agreement of the National Government Employment System Personnel (SINEP), who meet the requirements to access a higher scale level and up to a maximum of two levels, may request their relocation, subject to certain requirements and conditions.

In addition, within the exceptions to the limitation on the increase of positions and teaching hours, Professional personnel of Hospital and Health Care Establishments and Research and Production Institutes under the Ministry of Health are included, as well as positions resulting from the fulfillment of final judicial decisions.

Section 7 (amended): prohibits the filling of vacant positions without the prior authorization of the Chief of Cabinet of Ministers and lists exceptions.

In contrast to the Section in force, the exceptions include the positions for those joining the Government Administrators Body and the Collective Sectorial Labor Agreement for Professional Personnel of Hospital and Health Care Establishments and Research and Production Institutes.

Chapter II- Expenditure

Section 17 (new): approves an amount of USD 2,500,000 as a contribution to the International Fund for Agricultural Development (IFAD), to be paid in 3 annual, consecutive and cash payments, starting in 2022, and authorizes the Central Bank of the Argentine Republic (BCRA) to make in the name and on behalf of the Argentine Republic the contributions and subscriptions established with the respective counterpart funds, which will be contributed by the National Treasury.

Section 20 (new): grants the authority to the Chief of Cabinet of Ministers to allocate ARS 20,000,000 to the Secretariat of Finance, of the Ministry of Economy, to develop the National Strategy for Financial Inclusion 2020-2023, as provided for in Section 214 of Law 27,440 on Productive Financing.

Chapter III- Resources

Section 22 (amended): determines revenues in the amount of ARS 7,220,000,000 to the National Treasury, in accordance with the distribution in the attached schedule.

In contrast to the Section in force, the Chief of Cabinet of Ministers is empowered to make the necessary budgetary amendments to make contributions to the National Treasury.

Chapter IV- Tax quotas

Section 26 (**amended):** In contrast to the Section included in 2021 Budget Law 27,591, 2022 Budget Bill provides that the unallocated balance of the tax quota budgeted in Section 27 of 2019 Budget Law 27,467 and Section 30 of the current Budget Law, which refer to the quota of the promotional benefits of Law 27,424 of the Regime for the Promotion of Distributed Generation of Renewable Energy Integrated to the Public Electricity Grid, will be automatically transferred to the fiscal year 2022.

Chapter V- Cancellation of pension debts

Section 35 (amended): establishes the amount of ARS 60,148,154,728 for the payment of pension debts recognized in court for the portion to be paid in cash for all concepts because of retroactive payments arising from adjustments made to the benefits for retirees and pensioners of the Armed and Security Forces, including the Federal Penitentiary Service.

In contrast to the Section in force, this amount does not represent a maximum limit.

CHAPTER VII- Public credit operations

Section 46 (amended): states that the amount authorized for the Public Debt Service (Item 90) includes ARS 150 million for the payment of the debts referred to in Section 7 of Law 23,982 (Consolidation of the Public Debt) related to the resources allocated to cover the consolidated liabilities of the National Government.

In contrast to the Section in force, all debts included in Section 7 of Law 23,982 -not only those referred to in paragraphs b and c- pending cancellation as of December 31, 2021, are included.

Section 47 (amended): establishes a limit of ARS 8,600 million for the placement of Eighth and Tenth Series Consolidation Bonds for the payment of obligations arising from subsection f) of Section 2 of Law 25,251, which approves the agreement entered into with the Government of France, related to Cooperation in the field of Defense, and those referred to in Section 127 of Law 11,672 (Permanent Budget Supplementary Law).

In addition, unlike the provisions of the 2021 Budget Law 27,591, the authorized limit does not include the payment of obligations covered by DNU 1,318/1998, which refers to an optional scheme for the cancellation of the liabilities of the National Institute of Social Services for Retirees and Pensioners transferred to the General Treasury of the Nation, as provided for in DNU 197/1997.

Section 49 (new): replaces Section 68 of Law 11,672 (Permanent Budget Supplementary Law), which empowers the Ministry of Economy to forgive debts of agencies and entities of the National Government and residual entities in liquidation of privatized companies originated by the delivery of Consolidation Bonds and Bonds for the Consolidation of Social Security Debts. It establishes as deadline December 31, 2021, for the cancellation requests of debts consolidated by Laws 23,982, 25,344, 25,565 and 25,725 with Consolidation Bonds Eighth Series. As from January 1, 2022, the option for the creditors of these debts to receive consolidation bonds (of any series) is removed, being that the respective debts must be paid with the budget appropriation provided by each entity.

On the other hand, it establishes that the obligations derived from Laws 24,043, 24,411, 25,192, 25,471, 26,572, 26,690, 26,700, 27,133, 27,139 and 27,179 are cancelled with Tenth Series Consolidation Bonds as from January 1, 2022, except for those whose cancellation requests had been submitted until December 31, 2021, in which case they are cancelled with Eighth Series Consolidation Bonds. The Ministry of Economy is empowered to take the necessary measures to comply with the provisions of this Section.

Section 50 (new): authorizes the Ministry of Economy to issue and place Tenth Series Consolidation Bonds. The securities are denominated in pesos, issued on January 3, 2022, and mature on January 3, 2029, amortize in 10 payments starting in 2026, accrue quarterly interest at the private Badlar rate and capitalize quarterly from their issuance up to and including December 3, 2025.

CHAPTER VIII- Trust Funds

Section 52 (new): authorizes the Chief of Cabinet of Ministers to approve the flow and use of funds from the National Emergency Fund (FONAE), created by Section 17 of Law 27,287.

Section 53 (new): Section 5 of Law 24,855 on Regional Development and Employment Generation is amended. That Section refers to the Federal Trust Fund for Regional Infrastructure, which in accordance with the regulations in force will operate within the scope of the Office of the Chief of the Cabinet of Ministers and its administration will be carried out by a Board composed of 7 members appointed by the National Executive Branch, at the proposal of the Office of the Chief of the Cabinet of Ministers. The amendment establishes that the fund will operate within the scope of the Ministry of Internal Affairs, which will also make the proposal of the members of the Board of Directors.

Section 54 (new): provides for the amendment of Section 16 of Law 11,672 Permanent Budget Supplementary Law (t.o. 2014) which refers to the information that fiduciary agents of integrated trust funds totally or partially, directly or indirectly, by National Government assets or funds, or linked, directly or indirectly, to subsidies granted by the National Government, or created or regulated by rules or actions of the National Executive Branch or any of its agencies, must provide to the Undersecretariat of Budget, under the Secretariat of Treasury of the Ministry of Economy.

The amendment also requires fiduciary agents to provide all the information required by the Chief of Cabinet of Ministers and in the manner determined by the latter.

Section 55 (new): replaces Section 60 of 2018 Budget Law 27,431, which establishes the creation of the Public-Private Partnership Trust. This Section was included in the Complementary Permanent Budget Law 11,672 (t.o. 2014) as an unnumbered Section by means of Section 125 of Law 27,431.

With respect to the Section in force, the new Section provides that the creation of individual trusts of Public-Private Partnership shall be carried out in accordance with the provisions of Law 25,152 of the Federal Administration of Public Resources, without specifying details.

CHAPTER IX- Relations with Provinces

Section 58 (amended): states that the Ministry of Internal Affairs may forgive interest debts incurred by the municipalities within the framework of the programs duly agreed upon and which were originated by transfers made to finance operating or capital expenditures.

The Section in force establishes that such power conferred to the Ministry of Internal Affairs could be exercised within 180 days from the date of publication of the Budget Law for the current fiscal year. The Budget Bill for next year provides for a longer term, from the enactment of the bill as a Law until December 31, 2022.

CHAPTER X- Tax policy and administration

The following Sections provide for a series of exemptions for government-owned companies, companies in which the government has a majority shareholding, or companies that serve government policy purposes:

<table>
<tr><th colspan="2">SECTIONS AND ENTITY INVOLVED</th><th>TAXES</th><th>VALIDITY</th></tr>
<tr><td>Section 59 (new)</td><td>IMPSA S.A.</td><td>Exempts, for the import for consumption of capital goods, parts, components, inputs, spare parts, or intermediate goods in the value chain, to produce infrastructure works in the national territory or abroad, from the payment of import duties; port, airport, statistics, and verification fees; internal taxes and the tax established by the Value Added Tax Law. These exemptions will be applicable to the goods, whether new or used, only if the national industry is not able to supply them, on which the Ministry of Productive Development shall issue a decision.</td><td>If the Government is the majority shareholder</td></tr>
<tr><td>Section 61 (new)</td><td>INTEGRACIÓN ENERGÉTICA ARGENTINA SOCIEDAD ANÓNIMA (IEASA), to the extent that imports have been ordered by the National Government or by the competent regulatory authority.</td><td>Imports for consumption of capital goods and their components included in Hydrocarbon and Electric Energy Projects and Works are exempted from Value Added Tax and import duties, port, airport, statistics, and verification services fees. These exemptions will only be applicable if the goods are new and the national industry is not able to supply them, on which the Ministry of Productive Development shall issue a decision.</td><td>Until December 31, 2022</td></tr>
<tr><td>Section 73 (new)</td><td>NATIONAL AIRPORTS SYSTEM REGULATORY ORGANIZATION or NATIONAL AIRPORTS SYSTEM STRENGTHENING TRUST</td><td rowspan="2">Exempts from the payment of import duties, port, airport, statistical and verification services fees levied on the importation of capital goods and consumer goods -and their spare parts-. These imports will also be exempted from internal taxes and from the tax established by the Value Added Tax Law and will be applicable to new or used goods only if the national industry is not in conditions to supply them, on which the Ministry of Productive Development shall issue a decision.</td><td rowspan="2">Up to and including December 31, 2022</td></tr>
<tr><td>Section 74 (new)</td><td>NATIONAL CIVIL AVIATION ADMINISTRATION (ANAC)</td></tr>
</table>

SECTIONS AND ENTITY INVOLVED		TAXES	VALIDITY
Section 77 (amended)	National Government, Provinces, Autonomous City of Buenos Aires, ADMINISTRACIÓN DE INFRAESTRUCTURAS FERROVIARIAS S.E., OPERADORA FERROVIARIA S.E., BELGRANO CARGAS Y LOGÍSTICA S.A., DESARROLLO DEL CAPITAL HUMANO FERROVIARIO S.A.P.E.M. or FERROCARRILES ARGENTINOS S.E.	Exempts from the payment of import duties and from the prohibitions and interventions prior to importation in accordance with Law 22,415 (Customs Code) as amended that apply to imports for consumption of material for railroads, rolling stock in its various forms, etc., which are acquired by the National Government, the provinces, or the Autonomous City of Buenos Aires. The goods included in the previous paragraph will be exempted from the tax established by the Value Added Tax Law. The goods imported with the benefits established by this Section may not be transferred to third parties different from those individualized in Section 8 of Law 24,156 of Financial Administration and of the Control Systems of the National Public Sector as amended for a term of 5 years counted as from the date of its delivery and it shall be exclusively affected to the destination considered for the granting of the benefits herein conferred, which shall be evidenced before the Undersecretariat of Railroad Transportation under the Secretariat of Transportation Management of the Ministry of Transportation, each time it is required by the latter. These benefits shall apply to new or used material shipped up to and including December 31, 2022 and shall only be applicable if the national industry is not able to supply them, on which the Ministry of Productive Development shall issue a decision.	Goods shipped up to and including December 31, 2022
Section 83 (new)	SALTO GRANDE JOINT TECHNICAL COMMISSION	Exempts from the payment of import duties and from the prohibitions and interventions prior to importation in accordance with Law 22,415 (Customs Code) as amended that apply to imports for consumption of material in its various forms, machinery and vehicles for maintenance, control and rehabilitation works and other necessary materials, inputs and components that are directly or indirectly related to the works and energy generating equipment that are acquired. The goods included in the preceding paragraph shall be exempt from the tax established by the Value Added Tax Law as amended. The goods imported with the benefits established by this Section shall not be transferred to third parties other than those listed in Section 8 of Law 24,156 on Financial Administration and Control Systems of the National Public Sector as amended for a term of 5 years as from the date of their delivery and shall be used exclusively for the purpose considered for the granting of the benefits herein conferred, which shall be evidenced before the Secretariat of Energy, each time it is required by the latter.	Its validity is not limited.

SOURCE: OPC, based on 2022 Budget Bill.

Sections 62 to 72 (new): propose to amend Law 22,415 (Customs Code) to implement the penalties set forth in Sections 868; 869; 880; 884; 920; 926; 955; 992; 994; 995; and 1,115 of the Customs Code.

Section 75 (new): proposes reinstating the allocation originally established in subsection a) of Section 3 of DNU 1,334/2014 for the National Civil Aviation Administration (ANAC), consisting of "a percentage of not less than 50% of the amount collected monthly by ANAC, as a Security Fee - Executive Order 163/1998", which had been removed by DNU 1,013/2017, without restricting its duration of validity.

Sections 80 and 81 (new): Extend until December 31, 2024 the 3% rate of the Statistical Tax, and the currently existing limits to the powers granted to the National Executive Branch with respect to export duties.

Section 82 (new): proposes to remove the temporary limitation to modify the tax rates on assets located abroad, which was delegated to the National Executive Branch within Wealth Tax, extending such power for the entire duration of validty of the tax.

CHAPTER XI- Other provisions

Section 84 (amended): refers to the extension of the Compensation Fund for Urban and Suburban Motor Vehicle Public Transportation outside Greater Buenos Aires Area.

With respect to the Section in force, the new section establishes that the Fund is extended with the purpose of continuing to provide a transitional framework to compensate possible financial imbalances to those districts assisted by the National Government. It also states that the Ministry of Transportation will be responsible for establishing the criteria for the allocation of such Fund, as well as the necessary regulations. Finally, the Chief of Cabinet of Ministers is empowered to make the budgetary adjustments that the Fund may require.

Section 85 (amended): extends until December 31, 2022, DNU 668/2019 and DNU 346/2020 on the use of temporary liquidity surpluses of the National Public Sector and the deferral of debt services in foreign currency, respectively. DNU 668/2019 specifically provides that the agencies and entities of the National Public Sector and the funds and assets of specific allocation administered by them may only invest their transitory liquidity surpluses through the subscription of pre-cancelable Treasury Bills issued with a maturity of less than 180 days. For the same time frame, the provisions of subsection j) of Section 74 of Law 24,156 on Financial Administration, which refer to the authority of the National Treasury to issue a prior opinion on the temporary investments of funds made by the entities of the National Public Sector and the requirement of the entities of the National Banking System to inform the Ministry of Treasury, at its request, of the temporary investments of the entities of the National Public Sector, are suspended. On the other hand, DNU 346/2020 provides for the deferral of payments of interest and amortization services of government securities in dollars issued under Argentine legislation and exempts from such deferral several instruments including non-transferable bills held by the BCRA and bills subscribed by the FGS directly and bills within the public sector issued under DNU 668/2019. In addition, Section 85 of PP2022 provides for the suspension to the applicability of the third paragraph of subsection a) of Section 74 of Law 24,241 until December 31, 2022, which implies that the FGS is covered by DNU 668/2019. Finally, it establishes that the interest payments and amortizations of bills in dollars issued under the mentioned regulations will be replaced at maturity by new securities under the conditions to be defined by the Secretariat of Finance and the Secretariat of Treasury.

Section 86 (new): replaces subsection 3 of Section 24 of Law 25,246, amending the Criminal Code with respect to concealment and laundering of assets of criminal origin.

The subsection in force provides that when the real value of goods cannot be established, a penalty of ARS 10,000 to ARS 100,000 will apply.

The amendment establishes that the amount of the penalty will be between 20 and 2,000 UIF Modules, at the current value of the module at the time of payment. It is stated that initially the UIF Module will be ARS 20,000, and the Financial Information Unit (UIF) is empowered to review such value in each fiscal year. In addition, it is provided that if the penalty is to be paid by a person or legal entity that acknowledges the breaches in full, shall not be consider a repeat offender if regularizes its situation within 30 calendar days from the date it was notified of the opening of the proceedings and the penalty may be reduced up to half of the legal minimum.

Section 87 (new): grants INDEC the power to modify the methodology for the calculation of the Wage Variation Coefficient (CVS), prior to submitting the proposal to a public instance of technical and academic validation. (Annex II of Executive Order 1,242/02).

In addition, INDEC must ensure that it is made available to the government agencies that use it either on its own or by integrating other coefficients or indexes, sufficiently in advance to enable the construction of a splicing factor, when necessary, prior to the entry into force of the new methodology.

Section 90 (new): provides that for the purpose of federalizing the impact of the expenditure of the National Budget, the agencies and entities of the National Government included in subsections a), b) and c) of Section 8 of Law 24,156 on Financial Administration and Control Systems of the National Public Sector[23], which are based in the provinces, shall take the necessary actions to decentralize the procurement processes of works, goods and services, prioritizing those persons or companies located in those provinces. The National Judicial Branch and the Public Prosecutor's Office are encouraged to apply similar measures.

General Remarks

Sections 13, 14, 17, 18, 20, 53, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 86, 87, 90 do not comply with the provisions of Section 20 of Law 24156[24], since they are not directly and exclusively related to the approval, execution and evaluation of the Budget. The amendments proposed by those Sections should be introduced through other regulations.

[23] Law 24,156 on Financial Administration and Control Systems of the National Public Sector, Section 8: a) National Government, comprising the Central Administration and the Decentralized Agencies, the latter including the Social Security Institutions, b) Government-Owned Companies and Corporations, which includes Companies with a Majority Government Participation, Mixed Economy Companies and all other business organizations in which the National Government has a majority participation in capital or shareholding, c) Public Entities expressly excluded from the National Government, which includes any non-business government organization, with financial autarky, legal status and its own capital, where the National Government has the majority control of the assets or decisions, including those non-government entities where the National Government has control of the decisions.

[24] Law 24,156 on Financial Administration and Control Systems of the National Public Sector, Section 20: the general provisions constitute the complementary rules to the present law that shall govern for each financial year. They shall contain rules directly and exclusively related to the approval, execution, and evaluation of the Budget to which they belong. Consequently, they may not contain provisions of a permanent nature, nor may they amend or repeal laws in force, nor create, modify, or suppress taxes or other revenues. Title I shall also include the aggregate tables that allow an overall view of the Budget and its main outcomes."

Annex IV – Provincial Fiscal Outlook

With the Budget Bill Message, the Executive Branch submits indicative estimates for 2021 fiscal year-end and projections for 2022 for the combined total of the 23 provinces and the Autonomous City of Buenos Aires.

For fiscal year 2021, based on the recovery in economic activity observed during the first half of the year, it is estimated that total revenue will reach 16.6% of GDP (-0.7 p.p. than in 2020). Based on the improved outlook for provincial tax revenues, the National Government redirected support policies through extraordinary financial assistance to compensate for the drop in national and provincial revenues in 2020 by means of National Treasury Contributions (ATN), towards non-automatic transfers for direct real investment and other capital expenditures.

Expenditure would reach 16.5% of GDP (-1.1 p.p. than in 2020), resulting from a real decrease of 4.1% in personnel expenditure and a real increase of 12.9% in public investment. Simultaneously to the debt restructuring carried out by the National Government, 10 provinces restructured maturities of International Securities for an amount close to USD 12,000 million, allowing a saving of 0.5% of GDP in debt service payments in 2021 and 0.3% of GDP in 2022.

Given the expected improvements in tax revenues and public debt, and in the context of moderate growth in primary current expenditure, primary and financial surpluses of 0.61% and 0.12% of GDP, respectively, are estimated for 2021.

For 2022, the economic recovery process is projected to consolidate, positively impacting tax revenues, which would grow 0.4 p.p. of GDP with respect to 2021. Public Expenditure would reach 16.9% of GDP, 0.4 p.p. higher than in 2021 given the impact of wage adjustments and the dynamism of public works. Consequently, primary, and financial balances would remain stable at 0.54% and 0.16% of GDP, respectively.

OPC Publications

The Argentine Congressional Budget Office was created by Law 27,343 to provide support to the Legislative Branch and deepen the understanding of issues involving public resources, democratizing knowledge and decision making. It is a technical office of fiscal analysis that produces reports open to the public. This report does not contain binding recommendations.

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