



# ANALYSIS OF NATIONAL GOVERNMENT BUDGET EXECUTION

2022

Director  
Marcos Makón

Directorate of Budget Analysis

Analysts  
Pablo Barousse - María Laura Cafarelli - Julieta Olivieri

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## Executive Summary

In 2022, total National Government revenues showed a decline in real terms<sup>1</sup> of 4.2% year-on-year (YoY), and total expenditures decreased by 5.6% YoY.

The variation observed in resources is due to the high base of comparison generated by the Solidarity and Extraordinary Contribution and Special Drawing Rights (SDR), which contributed exceptional resources for the equivalent of 1.4% of GDP during 2021. Excluding these items, revenues would record a real growth of 4.1% YoY because of the expansion of its main components: tax revenues and Social Security contributions, with increases of 4.0% YoY and 4.1% YoY, respectively.

On the other hand, primary expenditures decreased by 7.4% YoY. The largest decreases were recorded in capital expenditures (37.6% YoY), goods and services (30.2% YoY) and economic subsidies (11.3% YoY). Contrasting this dynamic, personnel expenses rose by 8.5% YoY in real terms. Expenditure on pensions recorded a slight increase of 0.3% YoY, attributable to the policy of compensatory bonuses and to the increase in the number of beneficiaries that compensated for the savings resulting from the implementation of pension adjustment.

Debt interest increased by 18.0% YoY, which caused total expenditure to decrease less than primary expenditure in relative terms.

As a result of this dynamic, the primary deficit was reduced by one point of GDP with respect to the previous year: 3.6% in 2022 and 4.6% in 2021. On the other hand, due to the increase in debt interest, the financial deficit recorded a more moderate reduction and stood at 5.5% of GDP (6.2% in 2021). On the other hand, the economic deficit reached 4.0% of GDP, higher than that recorded in 2022 (3.7%).

Current appropriation as of December 31, 2022, amounted to ARS18,126.071 billion, which represents an increase of 68.2% compared to the initial appropriation (ARS10,775.950 billion), resulting from the 2021 budget extension, as per Executive Order 882/21. The expenditure items with the highest variations with respect to the initial budget were debt interest (105.6%), other current expenses (99.3%) and social programs (96.3%), whereas the slightest increases were allocated to capital expenditures (13.5%), goods and services (44.6%) and transfers to provinces (58.3%). Of the budget increase, 96.3% was allocated through the approval of two Emergency and Necessity Decrees (DNU), and the remaining 3.7% was authorized through eleven Administrative Decisions (AD).

The amount accrued for total expenditures reached ARS17,527.284 billion in 2022, equivalent to 96.7% of the current budget appropriation. The execution of some social programs, such as Food Policies (99.9%) and *Potenciar Trabajo* (99.8%), transfers to universities (99.6%), subsidies to energy (99.3%) and transportation (99.1%), and non-contributory pensions (99.1%), stood out. On the other hand, other economic subsidies (78.9%), capital expenditures (87.3%) and goods and services (89.7%) were the items with the lowest execution.

<sup>1</sup> For the calculation of real variations, the Consumer Price Index (CPI) of the National General Level (INDEC) is used as a deflator of variation.

## Year-on-year evolution of the National Government Budget execution

**Table 1. Revenues, expenditures, and outcomes. National Government**

In millions of ARS, YoY real var. %, and as % of GDP

Concept	2021	2022	YoY Nominal Var. %	YoY Real var. %	% of GDP
<b>I. Current Revenues</b>	<b>7,865,746</b>	<b>12,950,823</b>	<b>64.6</b>	<b>-4.5</b>	<b>15.8</b>
Tax revenues	4,791,738	8,594,147	79.4	4.0	10.5
Social Security contributions	2,048,727	3,679,076	79.6	4.1	4.5
Non-tax revenues	354,498	263,501	-25.7	-56.9	0.3
Goods and services	14,287	24,865	74.0	0.9	0.0
Property income (*)	214,479	374,992	74.8	1.4	0.5
Current transfers	442,018	14,241	-96.8	-98.1	0.0
<b>II. Current Expenditures</b>	<b>9,570,458</b>	<b>16,244,034</b>	<b>69.7</b>	<b>-1.6</b>	<b>19.9</b>
Social benefits	5,286,588	9,099,023	72.1	-0.2	11.1
Economic subsidies	1,399,780	2,142,015	53.0	-11.3	2.6
Personnel Expenses	903,925	1,691,307	87.1	8.5	2.1
Goods and services	385,538	464,164	20.4	-30.2	0.6
Transfers to provinces	402,637	625,495	55.3	-9.9	0.8
Transfers to universities	306,321	547,517	78.7	3.7	0.7
Other current expenditures	115,027	106,374	-7.5	-46.4	0.1
Interest (**)	770,642	1,568,139	103.5	18.0	1.9
<b>III. Fiscal Balance</b>	<b>-1,704,712</b>	<b>-3,293,211</b>	<b>93.2</b>	<b>12.0</b>	<b>-4.0</b>
<b>IV. Capital Revenues</b>	<b>13,917</b>	<b>62,278</b>	<b>347.5</b>	<b>159.5</b>	<b>0.1</b>
<b>V. Capital Expenditures</b>	<b>1,192,705</b>	<b>1,283,250</b>	<b>7.6</b>	<b>-37.6</b>	<b>1.6</b>
Real Direct Investment	249,365	387,542	55.4	-9.9	0.5
Capital Transfers	858,217	790,657	-7.9	-46.6	1.0
Financial Investment	85,123	105,050	23.4	-28.4	0.1
<b>VI. Total Revenue</b>	<b>7,879,663</b>	<b>13,013,101</b>	<b>65.1</b>	<b>-4.2</b>	<b>15.9</b>
<b>VII. Total Expenditure</b>	<b>10,763,164</b>	<b>17,527,284</b>	<b>62.8</b>	<b>-5.6</b>	<b>21.4</b>
<b>VIII. Primary Expenditures</b>	<b>9,992,522</b>	<b>15,959,145</b>	<b>59.7</b>	<b>-7.4</b>	<b>19.5</b>
<b>IX. Primary Balance (VI-VIII)</b>	<b>-2,112,859</b>	<b>-2,946,044</b>	<b>39.4</b>	<b>-19.1</b>	<b>-3.6</b>
<b>X. Financial Balance (VI-VII)</b>	<b>-2,883,500</b>	<b>-4,514,183</b>	<b>56.6</b>	<b>-9.2</b>	<b>-5.5</b>

(\*) Includes property income from National Government assets held by the Sustainability Guarantee Fund (FGS). Excludes profits received from the Central Bank of the Argentine Republic (BCRA), which totaled ARS 770 billion in 2021.

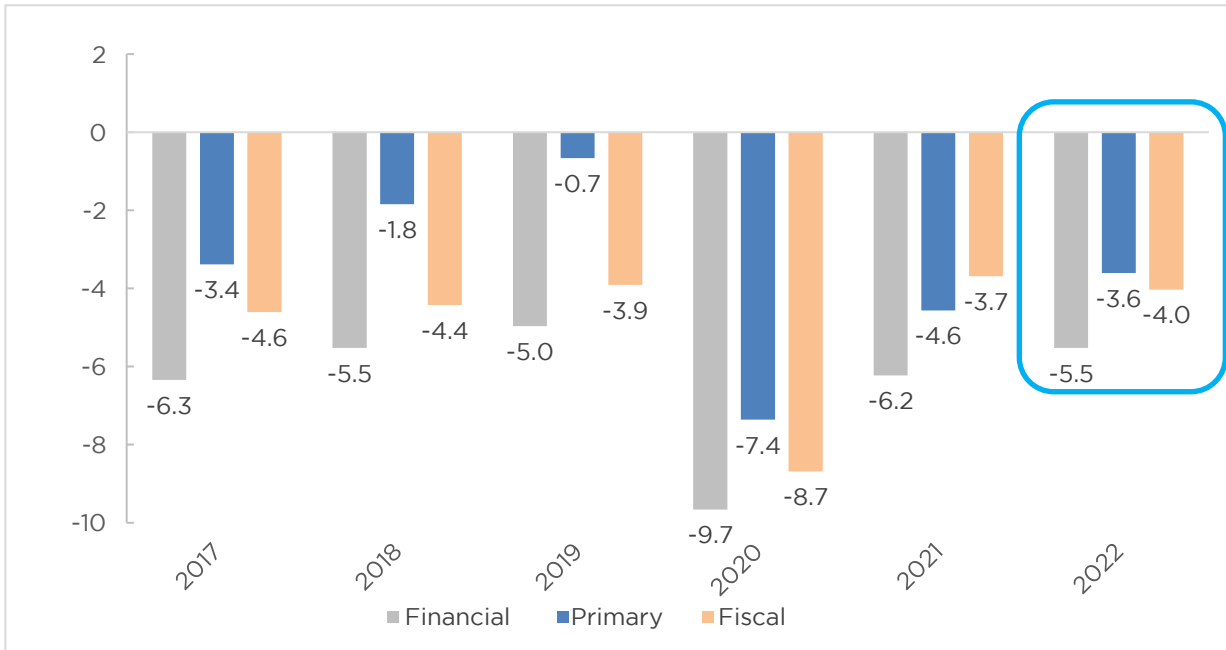
(\*\*) Interest were estimated based on SICAGE data, debt maturity profile and E.Sidif. Includes interest paid intra National Public Sector, as reported by the E.Sidif.

GDP: as reported by the Secretariat of Economic Policy of the Ministry of Economy when submitting the 2023 Budget Bill (ARS81,755.642 billion).

SOURCE: OPC, based on E.Sidif data.

### Figure 1. National Government Balances

2017-2022, as % of GDP

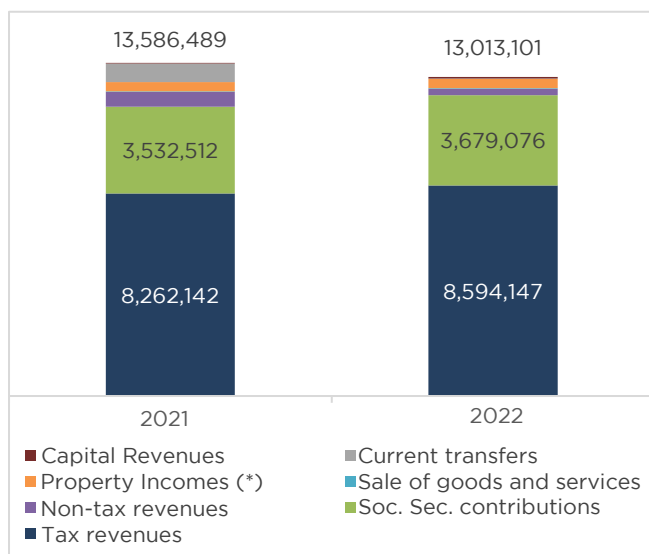


Profits transferred from the BCRA (Central Bank) are not included.

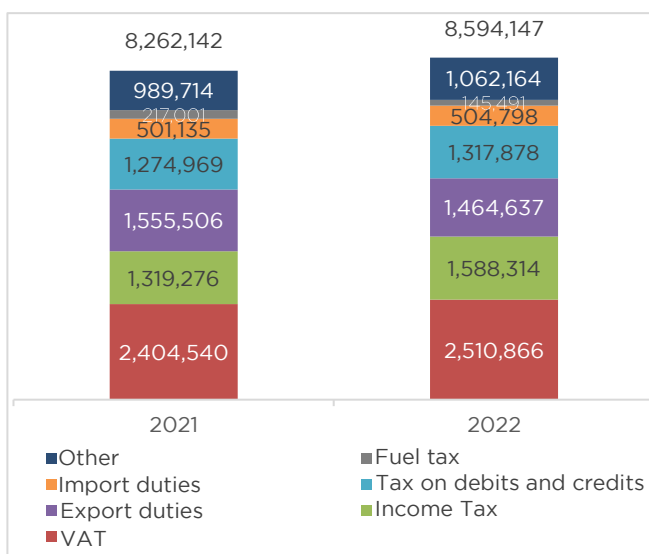
SOURCE: OPC, based on E.Sidif and INDEC data.

## Revenue performance

**Figure 2. Evolution of total resources**  
2021 and 2022, in millions of constant ARS (2022)



**Figure 3. Evolution of tax resources**  
2021 and 2022, in millions of constant ARS (2022)



(\*) Excludes profits transferred from the BCRA.  
SOURCE: OPC, based on E.Sidif data.

During 2022, the revenues of the National Government reached ARS13,013.101 billion, (ARS12,950.823 billion from current revenues and ARS62.278 billion from capital revenues), which implies a decrease in real terms of 4.2% YoY.

The main components of this item, tax revenues and Security contributions (94.8% of total revenues), increased by 4.0% YoY and 4.1% YoY, respectively. However, these increases did not offset the fall in non-tax resources (56.9% YoY) and in current transfers (98.1%).

These negative variations are a consequence of the high base of comparison that includes the collection of the Solidarity and Extraordinary Contribution to help mitigate the effects of the pandemic, recorded under non-tax revenues, which accumulated ARS197.027 billion in 2021 (ARS7.811 billion in 2022). In addition, ARS427.401 billion from the allocation of Special Drawing Rights (SDR) transferred by the IMF, received under current transfers during 2021, with no income during 2022.

Tax revenues reached the amount of ARS8,594.147 billion<sup>2</sup>, showing a behavior similar to that recorded in 2021: the same tax structure is maintained, since revenues from VAT, Export and Import Duties, Income Tax and the tax on Debits and Credits to Bank Accounts represent 85.9% of the total.

Within tax revenues, Value Added Tax collection increased by 4.4% in real terms in 2022 with respect to 2021, representing 29.2% of total collection in 2022. The year-on-year variation of this tax was positively impacted to a greater extent by the improvement in the level of activity, following the economic impact of COVID-19.

Export duties accounted for 17.0% of total revenue in 2022, whereas import duties contributed 5.9%.

<sup>2</sup> For more information see OPC report: <https://www.opc.gob.ar/recaudacion-tributaria/analisis-de-la-recaudacion-tributaria-nacional-2022/>.

During 2022, export duties amounted to ARS1,464.637 billion, with a negative year-on-year variation in real terms of 5.8%. Although there were increases in the average prices of soybean products, foreign sales failed to grow in real terms. However, the implementation of the "*Programa de Incremento Exportador*" (Export Increase Program) for certain soybean products and their derivatives, and the creation of the "*Fondo Incentivo Exportador*" (Export Incentive Fund) were able to mitigate the declines.

On the other hand, import duties amounted to ARS504.798 billion, an increase of 0.7% YoY in real terms. The increase in the revenue from these items is due to the volume of imports and the increase in the nominal exchange rate during the year.

As for Income Tax, variations with respect to the previous fiscal year resulted in increases in real terms of 20.4% YoY.

Revenue from the "Tax for an Inclusive and Solidarity-based Argentina (PAIS)" amounted to ARS214.364 billion, with a variation of 80.1% YoY. The share of this tax in total revenues for fiscal year 2022 was 2.5%.

On the other hand, the amounts received from the Tax on Liquid Fuels were ARS145.491 billion, showing a negative year-on-year variation of 33.0%, affected by the extensions and consequent delays in the updates of the tax and by the higher imports made in December 2021, which caused a lower collection of the customs component.

As for Social Security contributions (ARS3,679.076 billion), an increase of 4.1% YoY was observed, which is largely attributed to the variation in the wage bill, which was higher than inflation<sup>3</sup>. During 2022, some measures to reduce the burden of some of the contributions from certain economic sectors, especially the health sector, were extended.

With respect to property income (ARS374.992 billion), there was an increase of 1.4% YoY, driven by interest from the Sustainability Guarantee Fund (FGS), which increased by 3.5% YoY in real terms. These current revenues accounted for 2.9% of total revenues.

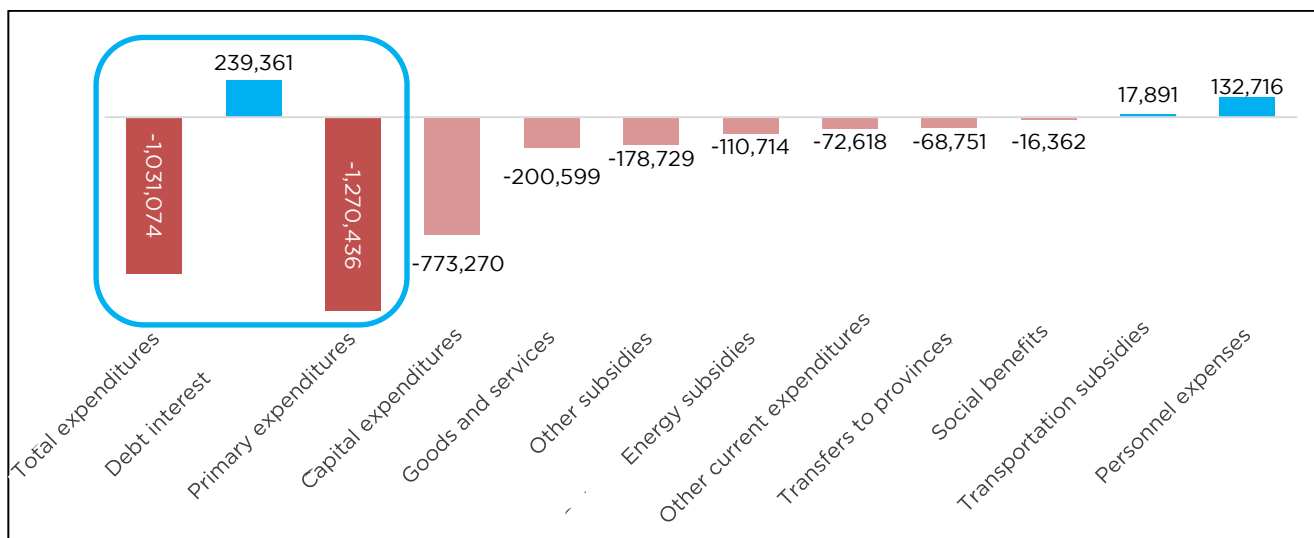
Finally, capital resources (ARS62.278 billion) increased by 159.5% YoY, due to the receipt of transfers of ARS61.028 billion from the Transportation Infrastructure System Trust Fund to finance works of the National Roads Authority.

<sup>3</sup> According to the information published by the Ministry of Labor based on the SIPA (Argentine Integrated Pension System), the number of registered workers increased by 4.9% YoY, and as of November, the Average Taxable Remuneration of Government Workers (RIPTe) showed a drop of 0.9% YoY in real terms.

## Expenditure trends

**Figure 4. Real variation of main expenditure items**

2021 and 2022, in millions of constant ARS (2022)



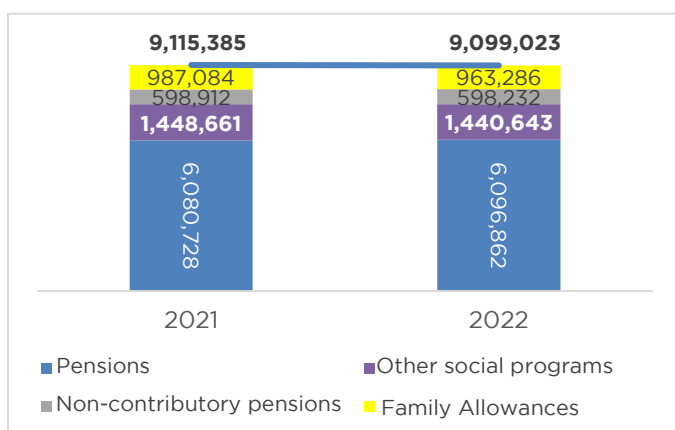
SOURCE: OPC, based on E.Sidif data.

Total expenditure of the National Government recorded a 5.6% YoY decrease in 2022, composed of a 7.4% YoY reduction in primary expenditures and an 18.0% YoY increase in debt interest. Within primary expenditures, reductions of 37.6% YoY in capital expenditures, mainly in transfers for capital expenditures, and of 30.2% YoY in goods and services stand out.

As for other economic subsidies (-53.7% YoY), most of the reduction is explained by lower transfers to FONDEP (National Productive Development Fund) and FOGAR (Argentine Guarantee Fund), with energy subsidies contracting by 6.5% YoY. On the other hand, current transfers to the provinces and social benefits fell by 9.9% YoY and 0.2% YoY, respectively. In contrast, personnel expenses increased by 8.5% YoY.

**Figure 4. Social Benefits**

2021 and 2022, in millions of constant ARS (2022)



SOURCE: OPC, based on E.Sidif data.

**Table 2. Pensions**

2021 and 2022, in millions of constant ARS (2022)

Institution/Concept	2021	2022	YoY real var. %
<b>ANSES</b>	<b>5,603,451</b>	<b>5,575,593</b>	<b>-0.5</b>
Net supplements	5,493,303	5,368,824	-2.3
Supplements	110,149	206,769	87.7
<b>Security forces</b>	<b>268,394</b>	<b>318,686</b>	<b>18.7</b>
<b>Armed forces</b>	<b>207,835</b>	<b>201,363</b>	<b>-3.1</b>
<b>Others</b>	<b>1,048</b>	<b>1,219</b>	<b>16.3</b>
<b>Total</b>	<b>6,080,728</b>	<b>6,096,862</b>	<b>0.3</b>



The increase in the expenditure on pensions is mainly explained by the extraordinary bonus policy implemented for the lowest-income beneficiaries (ARS6,000 in April, ARS12,000 in May and ARS7,000 in September, ARS7,000 in October, ARS7,000 in November and ARS10,000 in December), the expansion of the benefits paid by the pension funds of the Security Forces (18.7% YoY) and the increase in the number of benefits granted (from 7 million in 2021 to 7.2 million in 2022). These factors offset the reduction in expenditure due to the application of the pension mobility formula (Law 27,609), which resulted in updates of pensions below inflation (62.7% YoY vs. 72.4% YoY). In this respect, the purchasing power of pensions under the ANSES general system, tied to the pension mobility formula, decreased by 5.6% YoY, although the loss was mitigated to 1.1% YoY for those beneficiaries who receive the minimum pension due to the supplements received. On the other hand, Non-contributory pensions (NCP) decreased 0.1% YoY.

Thus, social security benefits (including pensions, NCP, transfers to INSSJP - National Institute of Social Services for Retirees and Pensioners - and extraordinary bonuses) represented 42% of National Government primary expenditure and closed fiscal year 2022 at 8.2% of GDP, 1.6 percentage points (p.p.) below the 2017 record (9.8%, maximum of the historical series), mainly due to the loss in the value of benefits in an inflationary context.

### Table 3. Expenditure on family allowances

2021 and 2022, in millions of constant ARS (2022) and YoY real var. %

Subprogram / Activity	2021	2022	YoY Real var. %
<b>Family allowances Active Population</b>	<b>423,872</b>	<b>451,012</b>	<b>6.4</b>
Net Supplements	354,995	312,446	-12.0
Supplements	68,877	138,566	101.2
<b>Universal Allowance for Social Protection</b>	<b>429,488</b>	<b>384,723</b>	<b>-10.4</b>
<b>Family allowances Inactive Population</b>	<b>117,370</b>	<b>113,470</b>	<b>-3.3</b>
<b>Family allowances National Public Sector</b>	<b>16,354</b>	<b>14,082</b>	<b>-13.9</b>
<b>Total</b>	<b>987,084</b>	<b>963,286</b>	<b>-2.4</b>

Transfers in family allowances fell 2.4% YoY. Those for the AUH (Universal Child Allowance), the inactive population, and National Public Sector workers decreased 10.4% YoY, 3.3% YoY and 13.9% YoY respectively, basically as a consequence of the reduction in the value of benefits due to the adjustment made under the pension mobility formula. On the other hand, transfers for the active population showed a positive variation of 6.4% YoY, due to the bonuses granted as from October 2021.<sup>4</sup>

SOURCE: OPC, based on E.Sidif data.

### Table 4. Expenditure on social programs

2021 and 2022, in millions of constant ARS (2022) and YoY real var. %

Program	2021	2022	YoY Real var. %
<b>REPRO II</b>	<b>152,690</b>	<b>10,326</b>	<b>-93.2</b>
<b>Financial assistance INSSJP</b>	<b>60,349</b>	<b>0</b>	<b>-100.0</b>
<b>Assistance to Health Insurance Agents</b>	<b>74,218</b>	<b>33,955</b>	<b>-54.2</b>
<b>ATP and health emergency supplement</b>	<b>40,244</b>	<b>2</b>	<b>-100.0</b>
<b>Health Care Workers Bonus</b>	<b>25,407</b>	<b>142</b>	<b>-99.4</b>
<b>Income Reinforcement</b>	<b>0</b>	<b>181,901</b>	<b>-</b>
<b>Food Policy</b>	<b>380,792</b>	<b>355,944</b>	<b>-6.5</b>
<b>Potenciar Trabajo</b>	<b>382,503</b>	<b>479,542</b>	<b>25.4</b>
<b>Manag. and Allocation of Student Grants</b>	<b>75,829</b>	<b>100,709</b>	<b>32.8</b>
<b>Others</b>	<b>256,631</b>	<b>278,124</b>	<b>8.4</b>
<b>Total</b>	<b>1,448,661</b>	<b>1,440,643</b>	<b>-0.6</b>

Finally, transfers in social programs (which represented 15.8% of social benefits) fell 0.6% YoY. This variation was influenced by the high base of comparison and the dynamics of the aid to families and companies implemented during the last year within the framework of the COVID-19 pandemic (REPRO II, Financial Assistance to INSSJP and to Health Insurance Agents, among others).

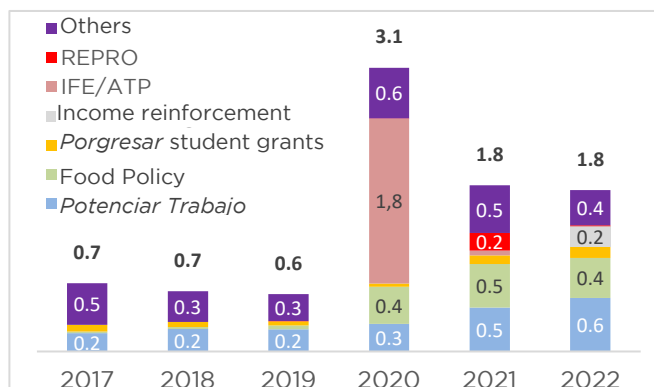
SOURCE: OPC, based on E.Sidif data.

<sup>4</sup> Executive Order 719/2021

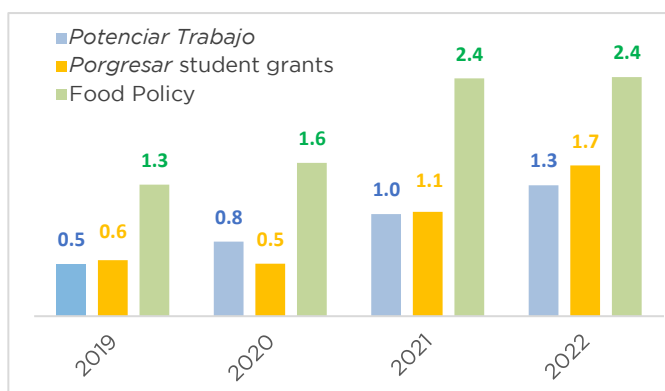
These reductions were partially offset by the Income Reinforcement for informal workers and low-income simplified regime taxpayers), consisting of ARS18,000 in two payments during the months of May and June 2022, and the food allowance for adults without income for ARS45,000, paid in November (ARS22,500) and December (ARS22,500) (Executive Orders 216/2022 and 758/2022).

As for the main social assistance programs, a disparate behavior was observed. First, the increase in the PROGRESAR student grants and the *Potenciar Trabajo* program stood out, with real variations of 32.8% YoY and 25.3% YoY, respectively, reflecting in both cases an increase in the number of beneficiaries. On the other hand, the Food Policy program decreased by 6.5% YoY, as the update of the amount of the benefit failed to compensate for inflation.

**Figure 5. Social programs**  
2017-2022, accrued expenditure as % of GDP



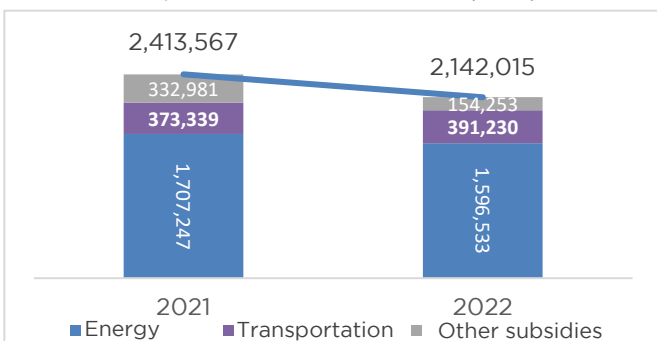
**Figure 6. Social programs beneficiaries**  
2019-2022, number of beneficiaries



(\*) Does not include supplements to social security benefits and transfers to INSSJP.  
GDP: as reported by the Secretariat of Economic Policy of the Ministry of Economy when submitting the 2023 Budget Bill (ARS81,755.642 billion).  
SOURCE: OPC, based on E.Sidif data.

If the analysis of the evolution of social programs is extended to the period 2017-2022, it is observed that, after the peak of the pandemic (3.1% of GDP), the level of expenditure in the last two years represented 1.8% of GDP implying an increase of 1.2 p.p. with respect to 2019 (0.6% of GDP). This dynamic reflects the inclusion of new beneficiaries in the programs *Potenciar Trabajo*, Food Policy and PROGRESAR grants.

**Figure 7. Economic subsidies**  
2021 and 2022, in millions of constant ARS (2022)



Economic subsidies (ARS2,142.015 billion) showed a decrease in real terms of 11.3% YoY, due to reductions in energy subsidies (6.5% YoY) and other economic subsidies (53.7% YoY), offset by the increase in those for the transportation sector (4.8% YoY).

SOURCE: OPC, based on E.Sidif data.

Expenditure on energy subsidies amounted to ARS1,596.533 billion (2.0% of GDP), implying a real decrease of 6.5% YoY, due to lower transfers to *Compañía Administradora del Mercado Mayorista Eléctrico S.A. (CAMMESA)* (-3.8% YoY) and to the *Plan Gas* (-71.0% YoY)<sup>5</sup>.

On the other hand, transfers to *Energía Argentina S.A. (ENARSA)* increased by 22.9% YoY, mainly as a result of the increase in the import prices of natural gas (Bolivia) and liquefied natural gas (LNG).

With respect to transfers to CAMMESA, the reduction was due to the decrease in the gap between the electricity system's wholesale cost and the price paid by users. Based on data from CAMMESA, costs increased 70% YoY (from ARS6,909/MWh to ARS11,732/MWh) and the Seasonal Monomic Price (PEST) increased 83% YoY (from ARS2,541/MWh to ARS4,653/MWh), which increased the percentage of coverage through tariffs (distribution demand) from 37% in 2021 to 39% in 2022<sup>6</sup>. Coverage of total demand increased from 44% to 47%.

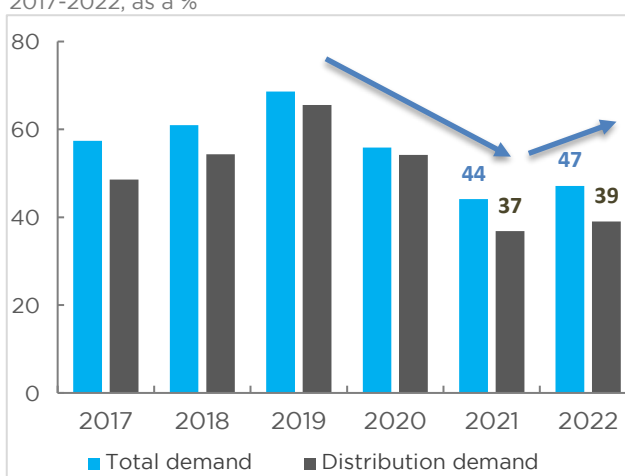
**Figure 8. Electricity prices**

2015-2022, in USD/MWh



**Figure 9. Percentage of Wholesale Electricity Cost Covered by the Rates Paid by Users**

2017-2022, as a %



SOURCE: OPC, based on E.Sidif data.

Subsidies to transportation totaled ARS391.230 billion, implying an increase of 4.8% YoY in real terms. This increase is explained by transfers to the railroad system (ARS196.481 billion), which had a real increase of 20.0% YoY. This behavior was partially offset by lower transfers to the Transportation Infrastructure System Trust Fund (FFSIT) (ARS175.720 billion, -4.4% (YoY) and to *Corredores Viales S.A.* (ARS9.624 billion, -47.0% YoY).

There was a reduction of 53.7% YoY in other economic subsidies, explained by the decrease in transfers to the National Productive Development Fund (FONDEP) and to the Argentine Guarantee Fund (FOGAR) by 81.5% YoY and 76.8% YoY, respectively. To a lesser extent, transfers to *Correo Argentino*, *Agua y Saneamientos Argentinos S.A. (AYSA S.A.)* and AR-SAT also fell (18.6% YoY and

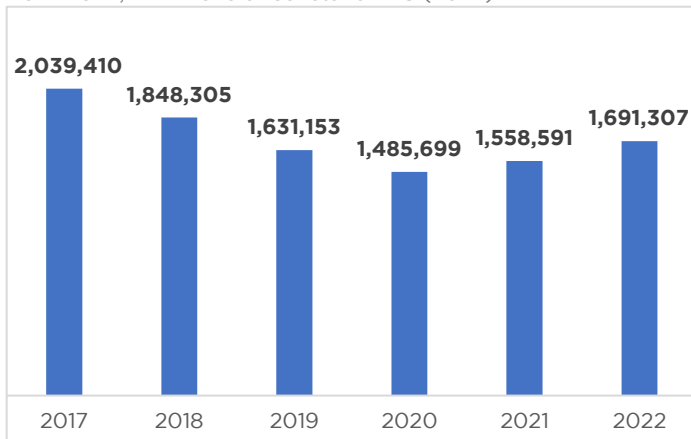
<sup>5</sup> A total of ARS11.664 billion was executed under Resolution 46/2017 (-90.8% YoY) and ARS37.566 billion under the PlanGas.AR (2020-2024) (-12.5% YoY).

<sup>6</sup> With respect to energy purchase prices by the different segments that comprise the demand, for the accumulated to the month of November, the largest increases were recorded in the Large User category in Distributor (112% YoY) and Commercial Demand (102% YoY). On the other hand, residential demand (N2/N3) had an increase of 47% YoY and higher income users (Level 1) of 95% YoY (+285% considering November 2022 vs. November 2021).

42.1% YoY and 87.9% YoY, respectively). Additionally, there was a 52.6% YoY decrease in transfers made under the *Previaje* program (ARS24.587 billion).

### Figure 10. Personnel Expenses

2017-2022, in millions of constant ARS (2022)



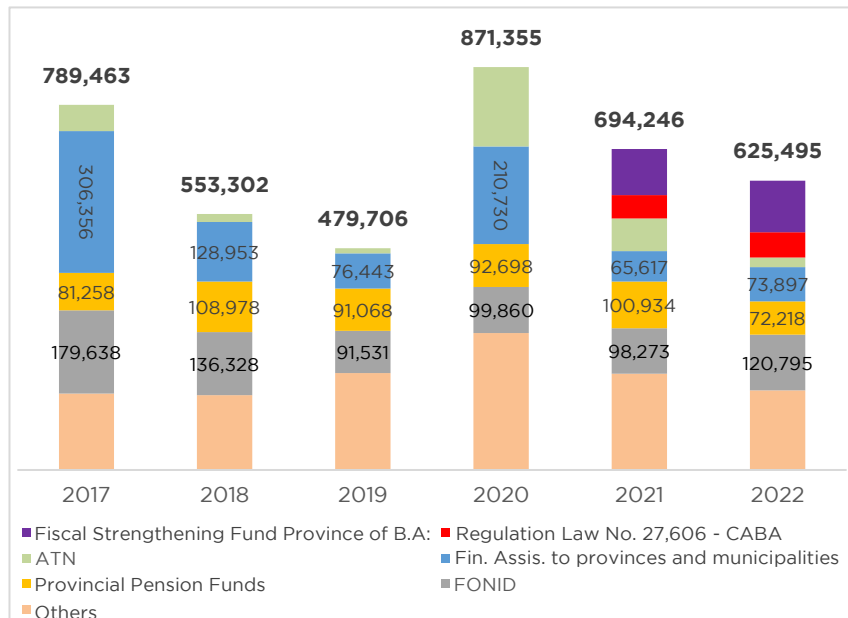
Personnel expenses (ARS1,691.307 billion) recorded an increase of 8.5% YoY in real terms. This variation mainly reflects that the salary policy for 2021 applied during the first months of the current fiscal year and the salary guideline agreed upon for 2022 surpassed the compensation for inflation.<sup>7</sup> Additionally, the number of employees in the National Executive Branch increased 2.3% YoY, where permanent and temporary personnel increased 1.8% YoY and contract workers increased 4.4% YoY.<sup>8</sup>

SOURCE: OPC, based on E.Sidif data.

Expenditures on goods and services (ARS464.164 billion) decreased by 30.2% YoY, due to lower purchases of COVID-19 vaccines, which fell by 79.1% YoY, and those related to calendar vaccines, which declined by 34.7% YoY.

### Figure 11. Current Transfers to Provinces

2017- 2022, in millions of constant ARS (2022)



Current transfers to provinces (ARS625.495 billion) fell by 9.9% YoY, mainly driven by the evolution of non-transferred pension funds (ARS72.218 billion) and National Treasury Contributions (ARS31.993 billion), which contracted by 28.4% YoY and 52.5% YoY, respectively. On the other hand, transfers under FONID (National Teacher Incentive Fund), which amounted to ARS120.795 billion, increased by 25.3% YoY, and transfers to the Province of Buenos Aires under the Fiscal Strengthening Fund amounted to ARS111.658 billion,

SOURCE: OPC, based on E.Sidif data.

<sup>7</sup> For the National Executive Branch, the salary increases for personnel grouped under the General Collective Agreement of the National Government (E. O. 214/06) remaining from the 2021 bargaining agreement effective during 2022 totaled 29%, whereas the increases for the 2022 guideline were 16% (June), 12% (August), 12% (October) and 10% (November). Additionally, a one-time fixed amount of ARS30,000 was granted in December. For the Legislative Branch, an increase of 30% was applied in June and another one of 30% as from October. In addition, a fixed sum of ARS20,000 was granted as from May and another one of ARS30,000 as from November. For the Judicial Branch and the Public Prosecutor's Office, the guideline agreed during the current fiscal year were: 15% in January, 10% in April, 10% in May, 9% in July, 6% in September and 20% in December.

<sup>8</sup> The variation in the number of positions refers to the annual average. Source: Directorate of Budget and Evaluation of Personnel Expenses.

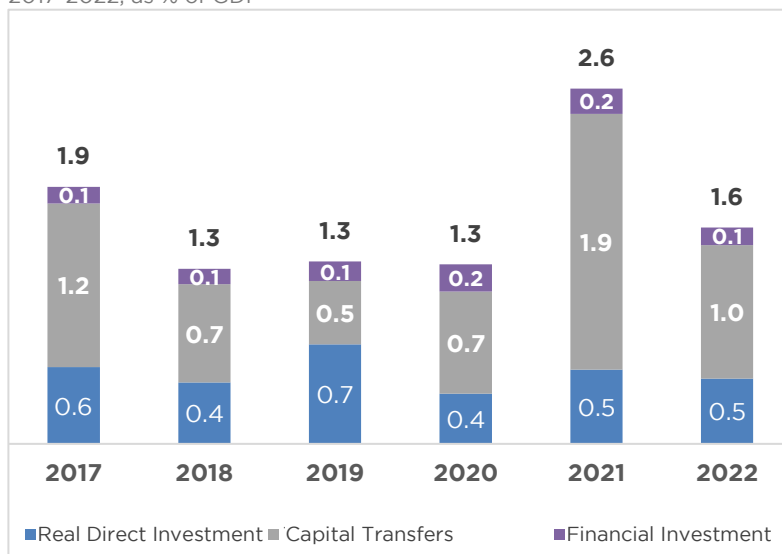
an increase of 11.5%. Financial assistance to provinces and municipalities amounted to ARS73.897 billion, reflecting an increase of 12.6% YoY, and the Food Policy program (ARS33.267 billion) increased by 44.2% YoY.

Transfers to universities (ARS547.517 billion) increased by 3.7% YoY due to the current salary guideline<sup>9</sup>. On the other hand, other current expenses amounted to ARS106.374 billion, implying a real drop of 46.4% YoY. The reduction is explained by the high base of comparison, since last year ARS56.250 billion were included to support ENARSA (Law 27,605, Solidarity and Extraordinary Contribution).

As for debt interest (ARS1,568.139 billion), there was an increase of 18.8% YoY. The increase is explained by the higher payments of securities in foreign currency issued within the framework of the debt restructuring process of September 2020.

### Figure 12. Evolution of Capital Expenditures

2017-2022, as % of GDP



In 2022, capital expenditures (ARS1,283.25 billion) decreased with respect to 2021 by 1 p.p., although they remained at levels higher than in the 2018-2020 triennium. A recovery was achieved in 2021, supported by capital transfers to state-owned enterprises and trust funds, which was not maintained in 2022. In terms of real variations, a drop of 37.6% YoY was observed, driven by capital transfers, which accounted for 61.6% of cumulative execution as of December and showed a decrease of 46.6% YoY.

SOURCE: OPC, based on E.Sidif data.

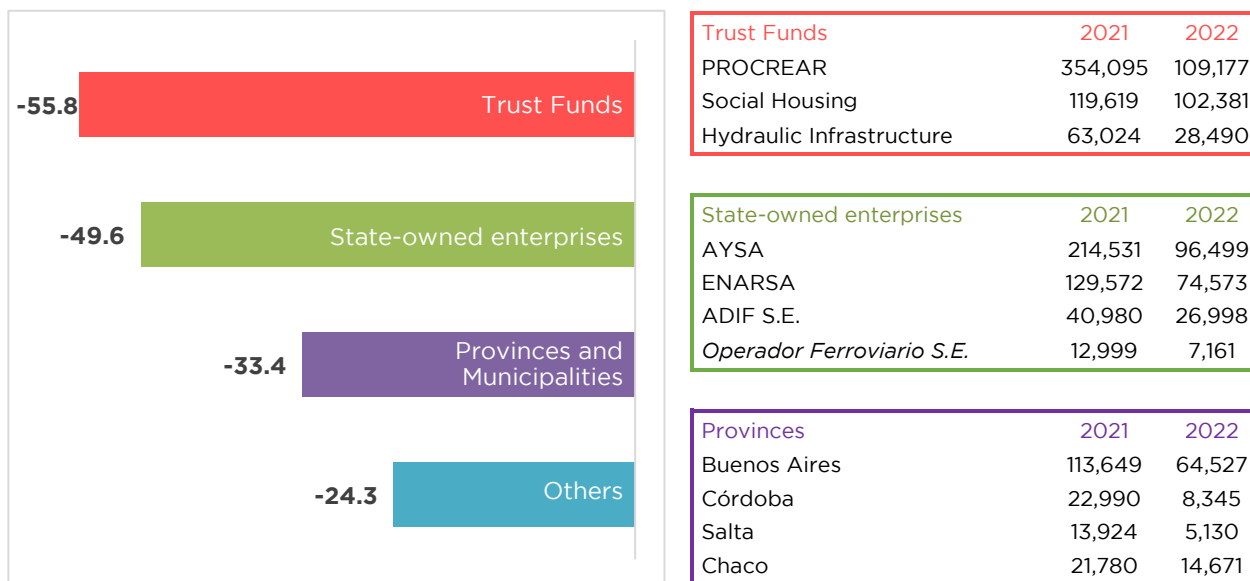
Real direct investment (ARS387.542 billion) recorded a real drop of 9.9% YoY, attributed to the 28.9% YoY decrease in projects conducted by the National Directorate of Roads (ARS157.876 billion). Partially offsetting this behavior were increases in the Ministry of Education, due to the distribution of technological equipment in educational establishments within the framework of the *Conectar Igualdad* Program (ARS36.822 billion, 52.5% YoY) and in the Ministry of Public Works, due to transportation infrastructure works (ARS13.582 billion, 87.4% YoY) and freight railroad infrastructure (ARS19.969 billion, 34.0% YoY).

Capital transfers (ARS790.657 million) were the main drivers of the drop in capital expenditures. Transfers to trust funds (ARS254.372 billion, -55.8% YoY) and to state-owned enterprises (ARS227.862 billion, -49.6% YoY), as well as those destined to provinces and municipalities (ARS246.512 billion, -33.4% YoY) decreased year-on-year.

<sup>9</sup> During the first half of 2022, it accrued 12% of the salary guideline for the fiscal year 2021, which totaled 53%. In addition, five increases were accrued (13% in March, 16% in June, 12% in July, 7% in August, 5% in September, 9% in October and 13% in December).

**Figure 13. Main recipients of capital transfers**

2021 and 2022, YoY real var., and in millions of constant ARS (2022)

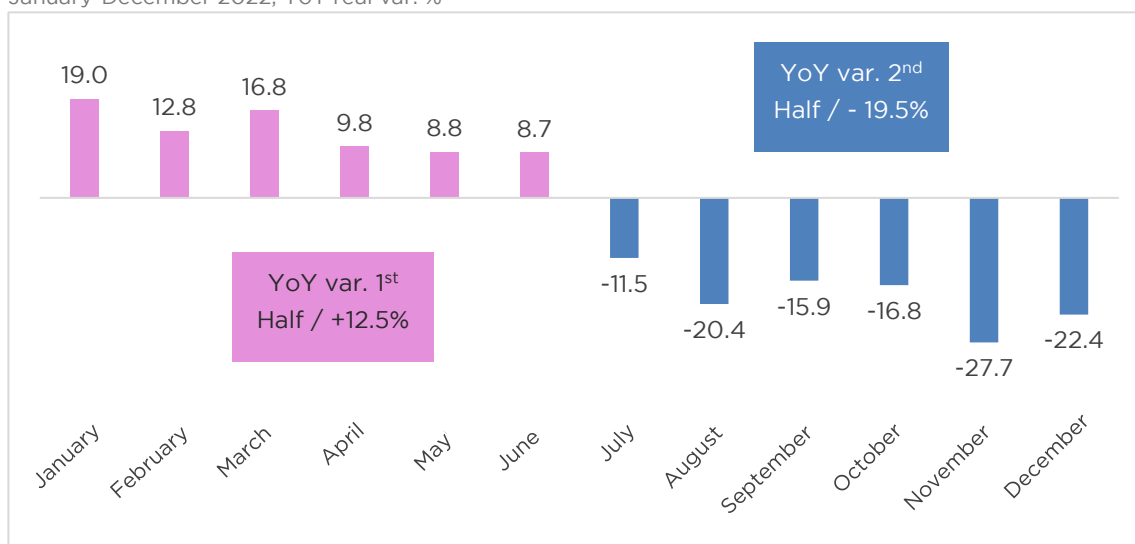


SOURCE: OPC, based on E.Sidif data.

Finally, the decrease of 33.5% YoY in capital contributions to *Aerolíneas Argentinas* (ARS72.908 billion) and of 13.8% YoY in the Andean Development Corporation (ARS13.022 billion) mainly explained the real drop in financial investment (28.4% YoY). Contrary to this dynamic, there was an increase of 208.0% YoY in capital contributions to the Federal Regional Infrastructure Trust Fund (ARS7,108 billion).

**Figure 14. Year-on-year variation in primary expenditures. National Government**

January-December 2022, YoY real var. %



SOURCE: OPC, based on E.Sidif data.

## National Government Expenditure Execution Level

At the end of fiscal year 2022, total expenditures accrued ARS17,527.284 billion, equivalent to 96.7% of the current appropriation, extended from fiscal year 2021 and adjusted by Necessity and Urgency Decree (DNU) 331 issued in mid-June<sup>10</sup>. Current expenditures accrued 97.5%, and capital expenditures accrued 87.3%. Within the former, the execution of some social programs such as Food Policy (99.9%) and *Potenciar Trabajo* (99.8%), which together accounted for more than half of the accruals in social programs, stands out. In addition, transfers to universities (99.6%), subsidies to energy (99.3%) and transportation (99.1%) and non-contributory pensions (99.1%), exceeded 99% of budget execution. On the other hand, other economic subsidies (78.9%), capital transfers (86.1%), real direct investment (88.1%) and goods and services (89.7%) were those items with the lowest level of budget execution.

**Table 5. Cumulative expenditure execution level**

Cumulative as of December 2022, in millions of ARS and % of execution

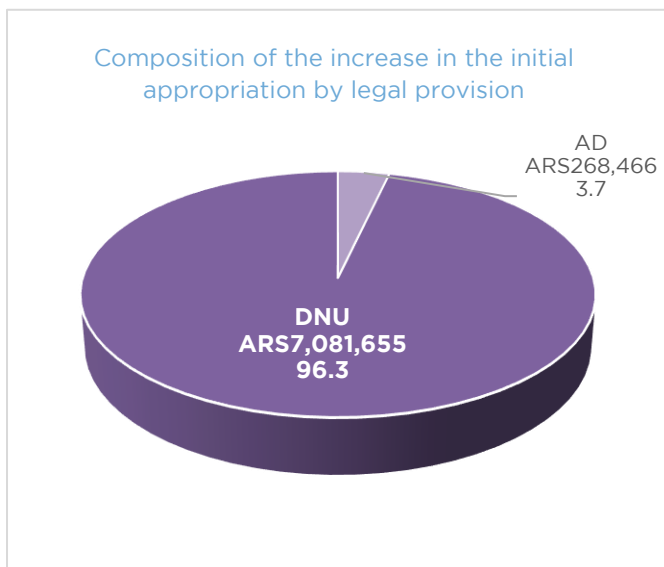
Concept	Initial Appropriation	Current Appropriation	Accrued	Exec. %
<b>Total Expenditure</b>	<b>10,775,950</b>	<b>18,126,071</b>	<b>17,527,284</b>	<b>96.7</b>
<b>Current Expenditures</b>	<b>9,481,047</b>	<b>16,656,869</b>	<b>16,244,034</b>	<b>97.5</b>
Social Benefits	5,263,003	9,312,961	9,099,023	97.7
Pensions	3,546,031	6,177,498	6,096,862	98.7
Family Allowances	587,287	1,004,141	963,286	95.9
Universal Child Allowance	252,150	399,051	384,723	96.4
Active pop., inactive pop., others	335,137	605,090	578,563	95.6
Non-contributory pensions	351,517	603,888	598,232	99.1
Other programs	778,167	1,527,434	1,440,643	94.3
<i>Potenciar trabajo</i>	222,027	480,422	479,542	99.8
Food Policy	220,851	356,392	355,944	99.9
<i>Progresar</i> student grants	25,844	116,331	100,709	86.6
Others	309,445	574,289	504,449	87.8
Economic subsidies	1,405,059	2,198,096	2,142,015	97.4
Energy	994,704	1,607,828	1,596,533	99.3
Transportation	216,523	394,666	391,230	99.1
Other subsidies	193,833	195,602	154,252	78.9
Personnel expenses	909,574	1,730,670	1,691,307	97.7
Goods and services	357,770	517,426	464,164	89.7
Transfers to provinces	413,120	653,857	625,495	95.7
Transfers to universities	306,842	549,963	547,517	99.6
Other current expenditures	54,438	108,494	106,374	98.0
Interest	771,240	1,585,402	1,568,139	98.9
<b>Capital Expenditures</b>	<b>1,294,902</b>	<b>1,469,203</b>	<b>1,283,250</b>	<b>87.3</b>
Real Direct Investment	282,380	439,963	387,542	88.1
Capital Transfers	917,818	918,796	790,657	86.1
Financial Investment	94,704	110,443	105,050	95.1

(\*) Interest accruals were estimated considering DMFAS data, debt maturity profile and E.Sidif. Includes interest paid intra National Public Sector, as derived from the E.Sidif.

SOURCE: OPC, based on E.Sidif data.

<sup>10</sup> For more information see OPC's report: <https://www.opc.gob.ar/modificaciones-presupuestarias/analisis-de-modificaciones-presupuestarias-de-la-administracion-nacional-2022/>

## Budget amendments

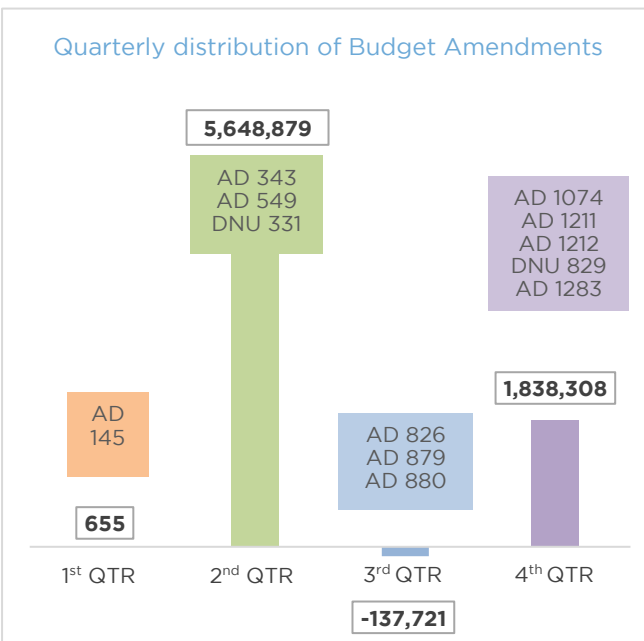


As of December 31, thirteen budget amendments were approved, which resulted from eleven administrative decisions (AD) and two necessity and urgency decrees (DNU). Together, these measures increased the total budgeted expenditure by ARS7,350.121 billion and revenues by ARS4,894.42 billion, thus increasing the initially estimated financial deficit by ARS2,455.701 billion.

The increase in expenditure (ARS7,350.121 billion) represents 68.2% of the initial appropriation for the fiscal year, which relates to the extension of the 2021 budget under Executive Order 882/21. On the other hand, of

this total, ARS7,081.655 billion were increased by means of two DNU (96.3%), and the remaining ARS268.466 billion (3.7%) were authorized by means of eleven administrative decisions.

With respect to the temporal distribution of the amendments, during the first half of the year, the budget appropriation increased by ARS5,649.534 billion (ARS655 billion in the first quarter and ARS5,648.879 billion in the second quarter), mainly because at the beginning of the fiscal year, the extension of the 2021 budget was in force pursuant to Section 27 of Law No. 24,156, which had to be adjusted. During the second half of the year, the appropriation was increased in a smaller proportion (ARS1,700.587 billion), with some measures reducing it (AD 826, AD 879, AD 880 and AD 1283).



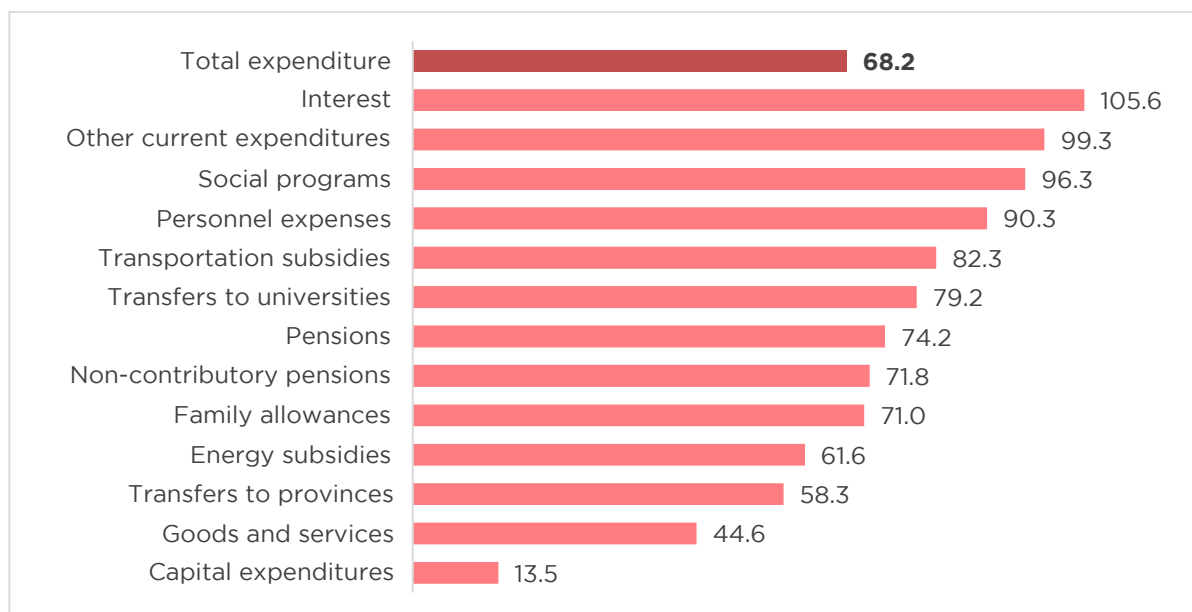
Of the total increase, 55.1% was attributed to social benefits, which increased by ARS4,049.958 billion, with pensions (ARS2,631.466 billion) and social programs (ARS479.267 billion) standing out. This was followed by personnel expenses with 11.2% (ARS821.026 billion) and debt interest with 11.1% (ARS814.162 billion). Economic subsidies accounted for 10.8% of the increase (ARS793.037 billion) with energy subsidies being the most important with ARS613.124 billion.

In terms of the increase compared to the initial appropriation of each item, debt interest and other current expenses doubled their budgets (105.6% and 99.3% increase, respectively), followed by social programs and personnel expenses, with increases exceeding 90% of the initial appropriation.



### Figure 16. Increase in the initial appropriation of budget's main items

Cumulative as of December 2022, as % of increase in final appropriation over initial appropriation



SOURCE: OPC, based on E.Sidif data.

Amendments to the total approved budget amount, by purpose and economic nature, within the framework of the powers delegated to the Chief of Cabinet of Ministers by Section 37 of Law 24,156, are shown in Tables 6 and 7. In accordance with the provisions of this law, the limits established therein were not exceeded.

### Table 6. Section 37 Law 24,156. Expenditure purposes

2022, in millions of ARS and as %

Purpose	Total approved amount	Section 37 Amendments	Section 37 %
Government Administration	576,775	33,853	5.87%
Defense and Security	410,600	27,957	6.81%
Social Services	7,006,308	199,387	2.85%
Economic Services	2,006,071	-149,518	-7.45%
Public Debt	776,196	2,502	0.32%
<b>Total expenditures</b>	<b>10,775,950</b>	<b>114,181</b>	<b>1.06%</b>

SOURCE: OPC, based on E.Sidif and budget amendments.

### Table 7. Section 37 Law 24,156. Economic nature of expenditure

2022, in millions of ARS and as %

Economic nature	Total approved amount	Section 37 Amendments	Section 37 %
Current expenditures	9,481,047	296,566	3.13%
Capital expenditures	1,294,902	-182,385	-14.08%
<b>Total expenditures</b>	<b>10,775,950</b>	<b>114,181</b>	<b>1.06%</b>

SOURCE: OPC, based on E.Sidif and budget amendments.

## Physical-Financial Execution of Programs

Table 8 shows physical-financial information on programs selected for their budgetary importance - which accounted for 57.6% of the total cumulative expenditure in the period analyzed- and which have monthly physical monitoring. The financial information used refers to fiscal year 2022. In terms of physical execution, which in each case relates to the most representative program target, the cumulative execution as of the last monthly data available (November) is considered.

**Table 8. Main programs of the National Government Budget**

Cumulative as of December 2022, in millions of ARS, % of execution and physical units

Program	Financial execution		Physical execution		
	Accrued 2022	Exec. %	Physical indicator	Execution 2022	Exec. %
Social Security Benefits	4,880,660	99.3	Beneficiaries	6,644,361	99.7
Formulation and Execution of the Electric Energy Policy	1,160,317.1	99.9	Coverage % of Wholesale Electricity Cost by means of the price paid by users	47.1	113.0
Family Allowances	963,286	95.9	AUH and AUE Beneficiaries	4,448,932	98.9
Higher Education Development	564,458	100.3	Graduate (*)	93,363	100.0
National Program for Socio-Productive Inclusion and Local Development - <i>Potenciar Trabajo</i>	489,795	99.6	Beneficiaries	1,340,338	103.1
Non-Contributory Pensions for Occupational Disability	439,462	98.9	Beneficiaries	1,112,182	99.1
Food Policy	410,144	98.0	Food allowance granted through a card	2,447,916	97.3
Administration of Security Forces Benefits	171,289	99.6	Beneficiaries	58,502	99.5
Non-contributory pensions (DNU 746/2017)	160,753	99.4	Pensions granted to mothers of 7 or more children	282,167	100.7
Territorial Planning and Development	156,001	97.0	Housing under construction (PROCREAR)	38,500	125.9
Formulation and Execution of Hydrocarbons Policy	125,379	89.6	Households benefited	3,740,340	107.0
Assistance to Former Provincial Pension Funds	105,978	73.2	Beneficiaries	109,052	100.3
Prevention and Control of Communicable and Immune-Preventable Diseases	104,332	97.7	Vaccines distributed	52,455,379	128.9
Health Care for Beneficiaries of Non-Contributory Pensions	90,210	96.4	Beneficiary and family members with health coverage	973,009	82.0
Human Resources Training	71,480	100.0	Training of grant holders	11,810	96.7
Universal Pension for Older Adults	67,669	75.8	Beneficiaries	249,654	98.0
Construction of Highways	65,752	96.5	Kilometer under construction	950	64.6
Technical-Financial Assistance and Sanitation Infrastructure Development	38,506	90.9	Sanitation work in progress - <i>Plan Argentina Hace</i>	353	136.7
Tourism Promotion	26,850	99.7	Fairs attended	160	160.0

(\*) The agency reports execution with the closing of the fiscal year. The total number of graduates programmed for the year is 93,363.

SOURCE: OPC, based on E.Sidif data.

## Methodological aspects

- El The Budget Execution Report refers to the National Government, a jurisdictional aggregate whose budget is approved by a Law of the National Congress.
- The National Government includes the Central Administration, decentralized agencies, and Social Security institutions.
- The data used in the preparation of this report come from the Integrated Financial Information System of the Ministry of Treasury, with a cut-off date of January 4, 2023.
- For the calculation of real variations, the Consumer Price Index (CPI) variation of the National General Level (INDEC) is used as a deflator.
- For expenditures, the accrual stage is considered. In this concept, interest paid by the National Government is considered in full and without offsets.
- For revenues, the time of receipt is considered. Likewise, property income is expressed net of BCRA's profits transferred to the National Treasury.
- The amount of interest was estimated based on data from SIGADE, the debt maturity profile, and E.Sidif.

### **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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