



ANALYSIS OF NATIONAL GOVERNMENT BUDGET EXECUTION

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Executive Summary

During the first half of 2023, total revenues of the National Government amounted to ARS10,512.1 billion and contracted by 5.3% in real terms¹ as compared to the same period of the previous year. This reduction was mainly explained by the 10.1% year-on-year (YoY) drop in tax revenues, which was partially offset by the increase in Social Security resources, which grew by 1.6% YoY.

Within tax revenues, VAT and Check Tax collection showed an increase in real terms of 8.1% YoY and 1.8% YoY, respectively. On the other hand, revenues from Export Duties (52.4% YoY), Import Duties (14.1% YoY), Income Tax (8.8% YoY), and PAIS Tax (7.0% YoY) decreased in the year-on-year comparison.

Primary expenditures amounted to ARS12,795.545 billion and showed a contraction of 9.8% YoY in real terms. Total expenditures amounted to ARS14,137.846 billion and decreased by a smaller amount (7.8% YoY), as a consequence of the real increase in debt interest (18.3% YoY).

The most significant real decreases were recorded in energy subsidies (27.3% YoY), social programs (23.8% YoY), pensions (4.6% YoY) and family allowances (28.2% YoY). Although the percentage reduction in pension benefits was more limited (4.6% YoY), they were the fourth largest contributor to the reduction in expenditure because of their share in the structure of primary expenditure. On the other hand, interest on debt (18.3% YoY), personnel expenses (8.0% YoY) and transfers to the transportation sector (15.1% YoY) showed year-on-year increases.

As a result of these dynamics, a financial deficit of ARS3,625.746 billion was recorded, 14.2% lower in real terms compared to that obtained in the first six months of 2022. The same occurred with the primary deficit (not including debt interest payments), which reached ARS2,283.445 billion, 26.2% lower than that recorded in the same period of the previous year. In turn, the economic result showed a deficit of ARS2,759.933 billion.

As of the first half of the year, current appropriations amounted to ARS29,129.581 billion, an increase of 0.6% (ARS175.55 billion) compared to the initial appropriation for the year (ARS28,954.031 billion). During this period, six administrative decisions were approved, four of which altered the level of appropriations and resources in effect at the beginning of the fiscal year. Pension benefits were the ones that increased the most in relation to the initial appropriation, mainly due to the reinforcement of pension payments granted through Executive Orders 105/2023 and 282/2023 in the months of March, April, May, and June.

With respect to the execution percentage as of the first half of the year, expenditures accounted for 48.5% of the current appropriation. Current expenditures accrued 49.3%, whereas capital expenditures accounted for 40.4%. Execution of transfers to universities (65.3%), transportation subsidies (56.9%) and personnel expenses (55.6%) stood out. Among the lowest execution percentages were goods and services (36.4%), other economic subsidies (38.7%), real direct investment (39.8%) and capital transfers to trust funds for works (31.6%).

¹ The variation of the Consumer Price Index (CPI) of the National General Level (INDEC) is used as a deflator for the calculation of the real variations. For the month of June 2023, the year-on-year variation of said index was 115.6%, whereas for the first half of the year it was 107.9% YoY. Accumulated inflation during the first half of the year reached 50.7%.

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

Table 1. Revenues, expenditures, and outcomes

In millions of ARS and YoY nominal and real var. %

Concept	June 2023			Cumulative (6 months)		
	In millions of ARS	YoY Nom. Var. %	YoY Real Var. %	In millions of ARS	YoY Nom. Var. %	YoY Real Var. %
I. Current Revenues	2,309,975	112.3	-1.5	10,411,413	95.1	-6.2
Tax revenues	1,556,628	109.6	-2.8	6,520,334	87.0	-10.1
Social Security contributions	598,538	113.0	-1.2	3,260,069	111.2	1.6
Non-tax revenues	51,600	221.8	49.3	230,167	122.9	7.2
Goods and services	4,717	117.7	1.0	20,641	101.5	-3.1
Property income (*)	97,735	119.4	1.8	371,557	100.3	-3.7
Current transfers	756	-59.6	-81.3	8,646	42.7	-31.4
II. Current expenditures	3,283,622	88.7	-12.5	13,171,346	92.1	-7.6
Social benefits	1,856,847	88.4	-12.6	7,271,808	87.1	-10.0
Pensions	1,358,838	108.4	-3.3	5,100,561	98.5	-4.6
Family allowances	127,316	74.2	-19.2	648,086	49.3	-28.2
Universal Child Allowance	56,415	102.8	-5.9	298,479	81.3	-12.8
Active population, inactive population, others	70,901	56.6	-27.3	349,607	29.7	-37.6
Non-contributory pensions	139,005	84.8	-14.3	526,752	107.7	-0.1
Other social programs	231,689	24.9	-42.1	996,408	58.4	-23.8
<i>Potenciar Trabajo</i>	66,472	78.7	-17.1	368,563	102.5	-2.6
Food Policy	59,503	82.6	-15.3	282,999	87.6	-9.8
<i>Progresar</i> student grants	39,862	130.1	6.7	101,614	135.6	13.3
Others	65,852	-33.1	-69.0	243,232	-3.9	-53.8
Economic subsidies	510,524	42.2	-34.0	1,752,297	65.7	-20.3
Energy	389,062	27.0	-41.1	1,276,207	51.1	-27.3
Transportation	106,810	139.7	11.2	365,680	139.4	15.1
Other subsidies	14,653	81.7	-15.7	110,410	83.6	-11.7
Personnel expenses	404,497	133.9	8.5	1,483,022	124.6	8.0
Goods and services	82,572	84.6	-14.4	326,649	76.1	-15.3
Transfers to provinces	93,879	73.8	-19.4	400,620	55.2	-25.3
Transfers to universities	173,547	187.4	33.3	507,740	124.5	8.0
Other current expenditures	33,129	315.7	92.8	86,910	149.2	19.8
Interest (**)	128,627	132.6	7.9	1,342,301	146.0	18.3
III. Economic result (I-II)	-973,646	49.4	-30.7	-2,759,933	81.7	-12.6
IV. Capital revenues	29,943	8,597	3,934	100,687	7,239	3,429
V. Capital expenditures	320,236	165,3	23.0	966,500	87.4	-9.9
Real direct investment	81,465	77.0	-17.9	287,754	93.6	-6.9
Capital transfers	230,290	229.4	52.8	661,589	98.8	-4.4
Financial investment	8,481	76.5	-18.1	17,156	-49.9	-75.9
VI. Total Revenue (I+IV)	2,339,918	114.9	-0.3	10,512,100	96.9	-5.3
VII. Total Expenditure (II+V)	3,603,858	93.7	-10.2	14,137,846	91.8	-7.8
VIII. Primary expenditures	3,475,231	92.5	-10.7	12,795,545	87.5	-9.8
IX. Primary result (VI-VIII)	-1,135,313	58.4	-26.5	-2,283,445	53.5	-26.2
X. Financial result (VI-VII)	-1,263,940	63.7	-24.1	-3,625,746	78.3	-14.2

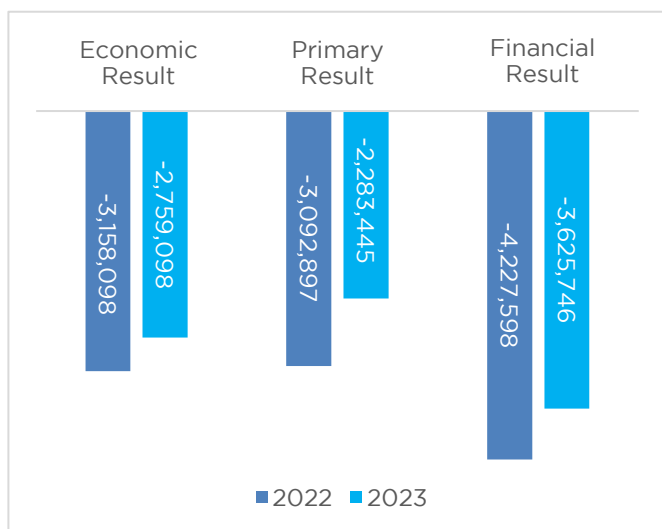
(*) Includes property income from National Government assets held by the Sustainability Guarantee Fund (FGS).

(**) 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.

SOURCE: OPC, based on E.Sidif data

Figure 1. Budgetary performance. National Government

Cumulative as of June 2022 and 2023, in millions of constant ARS (Jun-23)



During the first half of 2023, budgetary performance showed decreases in real terms in the year-on-year comparison.

The financial result showed a deficit of ARS3,625.746 billion, a decrease in real terms of 14.2% YoY. Discounting debt interest payments, the primary deficit reached ARS2,283.445 billion, with a variation of -26.2% compared to that obtained in the first half of 2022.

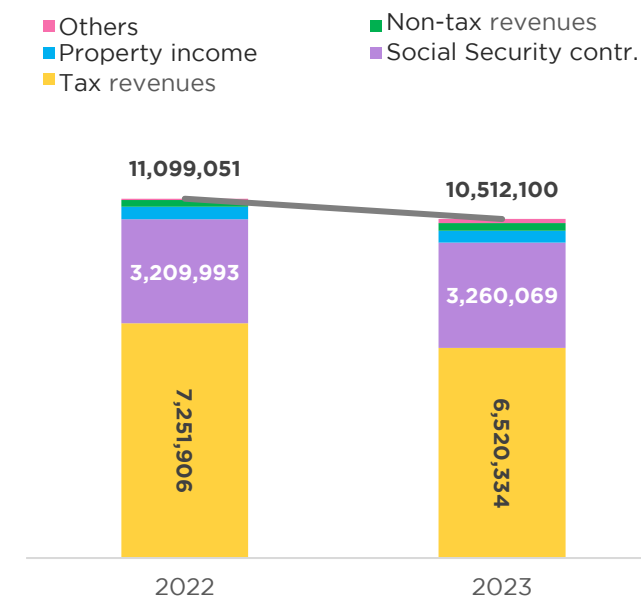
Por its part, the economic result was negative by ARS2,759.933 billion (-12.6% YoY).

SOURCE: OPC, based on E.Sidif data

Revenue performance

Figure 2. Total revenues

Cumulative as of June 2022 and 2023, in millions of constant ARS (Jun-23)



As of the first half of 2023, total revenues amounted to ARS10,512.1 billion and contracted 5.3% YoY in real terms. Within its main components, tax revenues² fell 10.1% YoY and Social Security resources rose 1.6% YoY. Within tax revenues, VAT collection (ARS2,316.363 billion) and the Check Tax (ARS1,110.54 billion) expanded 8.1% YoY and 1.8% YoY, respectively. Furthermore, although Wealth Tax (ARS149.029 billion) does not contribute significantly to the total tax collection (2.3%), there was an increase of 9.4% YoY, mainly as a result of the income from tax returns of individuals.

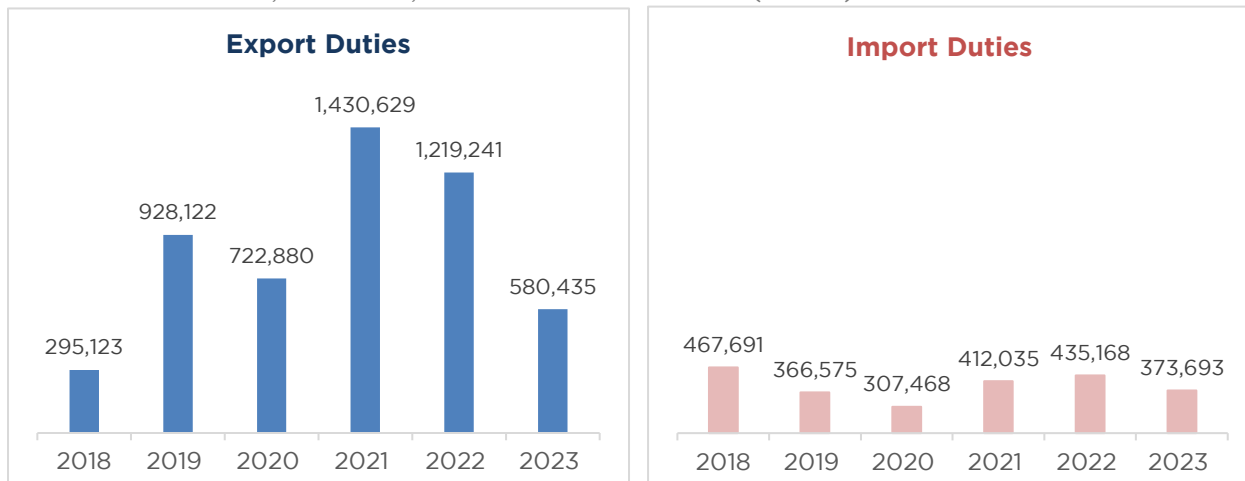
SOURCE: OPC, based on E.Sidif data

On the other hand, Export Duties (ARS580.435 billion) fell 52.4% YoY and Import Duties (ARS373.693 billion) decreased 14.1% YoY. In turn, Income Tax collection (ARS1,216.451 billion) showed a decrease of 8.8% YoY, driven by the use of the credit balance to offset other taxes. For its part, the PAIS Tax (ARS156.461 billion) contracted 7.0% YoY.a/a.

² For further details see: <https://www.opc.gov.ar/monitores-fiscales/monitor-de-recaudacion-tributaria-nacional/>

Figure 3. Export and import duties

Cumulative as of June, 2018-2023, in millions of constant ARS (Jun-23)



SOURCE: OPC, based on E.Sidif data

Resources from Social Security expanded 1.6% YoY in the half-yearly comparison. In June, these resources showed for the first time in the year a real fall compared to the same month of last year (-1.2%). In the accumulated figure, employer contributions grew 3.5% YoY and accounted for 62.7%, whereas personal contributions decreased 0.2% YoY (36.6% share).

Non-tax revenues (ARS230.167 billion) showed an increase of 7.2% YoY, mainly driven by the increase in premiums (ARS23.49 billion), which grew 140.9% YoY and were related to issue premiums for placements of dollar-linked and CER-adjustable securities. In these placements, the cash value was higher than the original nominal value. Contrary to these behaviors, sanitary inspection fees (ARS11.496 billion) decreased 10.4% YoY and the remaining income from the Solidarity and Extraordinary Contribution (ARS2.652 billion) decreased 65.2%.

Property income (ARS371.557 billion) contracted by 3.7% YoY, basically due to the decrease in income from the Sustainability Guarantee Fund (FGS) (ARS317.768 billion), which fell by 12.4% YoY.

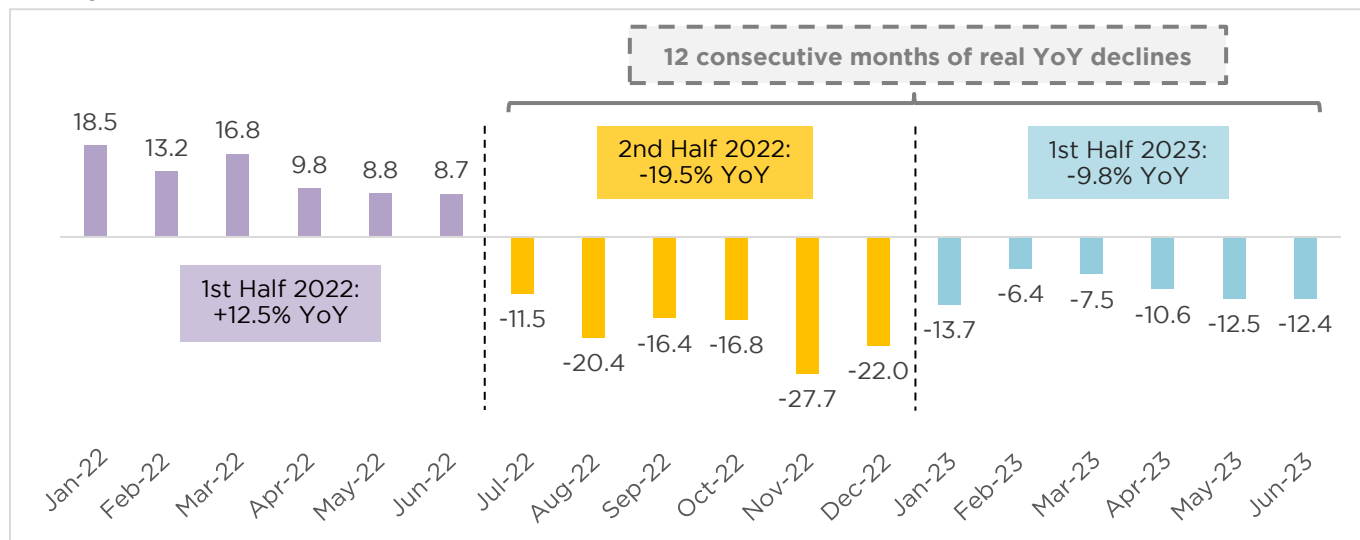
As for capital revenues (ARS100.687 billion), the increase in real terms was mainly due to the capital transfers received from the Transportation Infrastructure System Trust Fund for ARS98.576 billion to finance works of the National Directorate of Roads. Between January and June 2022, there were no transfers from this Trust Fund to the National Government.

Expenditure trends

In the first half of 2023, primary expenditures of the National Government reached ARS12,795.545 billion, implying a reduction in real terms of 9.8% YoY. On the other hand, debt interest amounted to ARS1,342.301 billion, with an expansion of 18.3% YoY, consequently, total expenditures reflected a more moderate drop of 7.8% YoY.

Figure 4. Primary expenditures

January 2022-June 2023, as YoY real var. %



SOURCE: OPC, based on E.Sidif data

Within primary expenditures, negative variations were recorded in most of the components. In terms of their absolute contribution, variations in social benefits (-10.0% YoY), energy subsidies (-27.3% YoY) and transfers to provinces (-25.3% YoY) stand out. In addition, capital expenditures and expenditures on goods and services decreased 9.9% YoY and 15.3% YoY, respectively. On the other hand, expenditures on personnel and transfers to universities both increased by 8.0% YoY, as a result of the salary policy implemented, while transportation subsidies grew by 15.1% YoY.

Social benefits (ARS7,271.808 billion) continued to show a negative variation, accumulating a drop of 10.0% YoY in the first half of the year. For the first time in the year, reductions were observed in all its components: pensions (-4.6% YoY), family allowances (-28.2% YoY), non-contributory pensions (-0.1% YoY) and social programs (-23.8% YoY).

As for pension benefits (ARS5,100.561 billion, -4.6% YoY), those paid by the National Social Security Administration (ANSES) (ARS4,645.504 billion) fell by 5.6% YoY and those for defense and security personnel (ARS454.032 billion) rose by 7.2% YoY, due to the salary policy for those in activity.

The fall in social security expenditure was mainly explained by the gap between the updating of benefits adjusted by the mobility formula and inflation (79.4% YoY vs. 107.9% YoY). For lower-income pensioners, the fall was attenuated by the payment of bonuses (ARS10,000 in January and February and ARS15,000 from March to June), showing a negative variation of 2.9% YoY. Pensions updated only by the mobility formula (not covered by the bonuses) showed a reduction in purchasing power of 13.7% YoY during the first half of the year.

Family allowances (ARS648.086 billion) fell 28.2% YoY, mainly those related to employed workers (-43.8% YoY), as a result of: the update of the value of benefits below inflation (79.4% YoY vs. 107.9% YoY), the reduction of the monthly complement established in October 2021 (Executive Order 719/2021) and the policy of updating the maximum ceilings to access the benefit (the update began to be applied in March). Transfers allocated to the Universal Child Allowance showed a reduction of 12.8% YoY.

Social programs (ARS996.408 billion) showed a real decrease of 23.8% YoY. Both *Potenciar Trabajo* (ARS368.563 billion) and *Alimentar* (ARS282.299 billion), which accounted for 65.3% of the

expenditure in this item, showed real decreases of 2.6% YoY and 9.8% YoY, respectively. The fall in social programs was mainly the result of the Income Reinforcement of ARS9,000 for informal workers, simplified regime-taxpayers (*monotributistas*) categories A and B, and private household workers paid in May and June of last year, a policy that was not applied during the first half of this year. On the contrary, within the social programs of greater budgetary relevance, *Progresar* student grants (ARS101.614 billion) and the *Acompañar* Program (ARS31.815 billion) showed positive real variations of 13.3% YoY and 2.8% YoY, respectively, during the first half of the year.

Economic subsidies (ARS1,752.297 billion) recorded a decrease of 20.3% YoY, driven by those allocated to energy (27.3% YoY) and other components (11.7% YoY). On the other hand, transfers to the transportation sector grew 15.1% YoY.

Energy subsidies (ARS1,276.207 billion) fell by 27.3% YoY in real terms. The most significant component was transfers to CAMMESA with an outlay of ARS690.322 billion, representing a reduction of 40.8% YoY. In this respect, due to the increase in tariffs, the coverage percentage of wholesale generation costs covered by the tariffs paid by users went from 47% in the first half of 2022 to 55% in the same period of this year. On the other hand, transfers to ENARSA (ARS507 billion) increased by 5.1% YoY due to the advance in the import of LNG for the supply during the winter cycle.

Table 2. Energy subsidies

Cumulative to June 2022 and 2023, in millions of ARS and YoY real var. %

Recipient	1st Half 2022	1st Half 2023	YoY real var. %
Energy	844,616	1,276,207	-27.3
Electric Energy	564,285	693,259	-40.9
CAMMESA	560,682	690,322	-40.8
Yacyretá Binational Entity	3,507	2,769	-62.0
Others	96	168	-15.9
Natural Gas	274,510	571,404	0.1
ENARSA	231,892	507,000	5.1
Gas IV Plan - Gas.AR (DNU 892/2020)	8,731	37,180	104.8
Trust Fund for Subs. to Residential Consumption Liquefied Petroleum Gas (Law 26,020)	16,043	11,153	-66.6
Non-Conventional Gas Plan Resolution No. 46/2017 MINEM	11,454	0	-
Others	6,391	16,070	20.9
Others	5,820	11,544	-4.6

SOURCE: OPC, based on E.Sidif data

Transfers to the transportation sector (ARS365.68 billion) increased by 15.1% YoY, mainly driven by transfers to the Transportation Infrastructure System Trust Fund (FFSIT) (ARS169.242 billion), which increased by 12.2% YoY, and transfers to the *Operador Ferroviario S.E.* (ARS137.889 billion), which increased by 6.3% YoY. Transfers to *Aerolíneas Argentinas* amounted to ARS22.5 billion in the first half of this year. From 2018 to 2022 transfers to *Aerolíneas Argentinas* were recorded as capital contributions, within the financial investment account, so it is not possible to make a comparison (see Table 6).

Table 3. Transportation subsidies

Cumulative to June 2022 and 2023, in millions of ARS and YoY real var. %

Recipients	1st Half 2022	1st Half 2023	YoY real var. %
Transportation	152,734	365,680	15.1
Motor Vehicle Transportation (FFSIT)	72,526	169,242	12.2
Motor Vehicle Transportation Compensation Regime	52,426	127,242	16.7
Compensation Fund for Urban and Suburban Transportation outside the Greater Buenos Aires	20,100	42,000	0.5
Railroad Transportation	72,151	163,315	8.9
<i>Operador Ferroviario S.E.</i>	62,369	137,889	6.3
<i>Belgrano Cargas y Logística</i>	6,302	15,158	15.7
<i>Desarrollo del Capital Humano Ferroviario S.A</i>	2,479	6,304	22.3
<i>Administración de Infraestructuras Ferroviarias S.E.</i>	944	3,495	78.1
<i>Ferrocarriles Argentinos Sociedad del Estado</i>	56	469	300.6
Aerocommercial Transportation	3,628	25,459	237.4
<i>Aerolíneas Argentinas S.A.</i>	0	22,500	-
<i>Empresa Argentina de Navegación Aérea S.E.</i>	2,729	1,801	-68.3
<i>Intercargo S.A.</i>	900	1,158	-38.1
Others	4,429	7,664	-16.8

SOURCE: OPC, based on E.Sidif data

Finally, other economic subsidies (ARS110.41 billion) showed a reduction of 11.7% YoY, driven by lower transfers to AYSA SA (-29.8% YoY) and the evolution of the *Previaje* Program (-50.4% YoY). These decreases were offset by the real growth of financial assistance to *Correo Argentino* to cover its operating expenses (17.2% YoY).

Cuadro 4. Other subsidies

Cumulative to June 2022 and 2023, in millions of ARS and YoY real var. %

Concept	1st Half 2022	1st Half 2023	YoY real var. %
Other subsidies	60,132	110,410	-11.7
<i>Correo Argentino</i>	12,060	29,400	17.2
<i>Agua y Saneamientos Argentinos S.A. (AYSA S.A.)</i>	12,046	17,584	-29.8
PREVIAJE	14,357	14,812	-50.4
<i>Radio y Televisión Argentina S.E. (RTA S.E.)</i>	4,921	12,164	18.9
National Fund for Productive Development (FONDEP)	6,924	12,057	-16.3
Production stimulus and development of small and medium-sized producers and regional economies.	0	11,853	-
<i>Fabricaciones Militares Sociedad del Estado</i>	1,170	4,244	74.4
TELAM S.E.	1,101	2,077	-9.3
Others	7,553	6,220	-60.4

SOURCE: OPC, based on E.Sidif data

Personnel expenses (ARS1,483.022 billion) grew 8.0% YoY, basically due to the remaining salary adjustments for the year 2022, where the last guidelines had an impact during the first months of the current fiscal year, and to those agreed for 2023³. In addition, specific salary increases were made

³ During the period under analysis, the salary guidelines agreed for the personnel of the National Civil Service General Agreement in the Executive Branch were in 2022: 12% in August, 12% in October, 10% in November, and in 2023: 10% in January, 10% in February, 8% in March, 5.13% in April, 5.5% in May and 7% in June. In the Judicial Branch it was agreed for the

for the different scales within the National Executive Branch⁴, whose accrued expenses accounted for 78.0% of total personnel expenses. As for the number of positions held in the National Executive Branch as of May (latest available data⁵), there was a 1.5% increase in permanent and temporary positions and a 2.7% increase in contract staff. In the Judicial Branch (17.6% of the total), the number of positions increased by 10.9% YoY as of May.

On the other hand, goods and services (ARS326.649 billion) contracted 15.3% YoY, mainly as a result of the drop in expenses related to COVID-19 vaccines (ARS4.585 billion, -88.8% YoY) and vaccines included in the national schedule (ARS22.246 billion, -56.6% YoY). In addition, expenditures on goods and services for activities related to the management and administration of government agencies (ARS54.321 billion) showed a 12.7% YoY decrease. On the other hand, expenses derived from food supplements within the framework of the Food Policy program (ARS22.737 billion) and those for educational materials of the program for the Improvement of Educational Quality, had increases of 72.7% YoY and 116.9% YoY, respectively. Expenditures for electoral events related to logistics services provided by *Correo Argentino* amounted to ARS20.951 billion so far this year.

Current transfers to provinces (ARS400.62 billion) continued their downward trend in June, accumulating a decrease of 25.3% YoY during the first half of the year. This reduction was mainly driven by transfers to the province of Buenos Aires under the Fiscal Strengthening Fund (ARS91.016 billion, -1.3% YoY), by those allocated to the Provincial Pension Funds (ARS47.773 billion, -29.8% YoY) and by those of the regulation of Law 27,606, which provides for the transfer of security functions to the Autonomous City of Buenos Aires, for which no expenses were incurred in 2023, compared to ARS21.637 billion in 2022. Similarly, expenditures for financial assistance to provinces and municipalities decreased (ARS294 million in 2023 vs. ARS27.397 billion in 2022). Contrary to this behavior, National Teacher Incentive Fund (FONID) transfers (ARS120.536 billion) increased by 13.4% YoY.

Table 5. Current Transfers to provinces

Cumulative to June 2022 and 2023, in millions of ARS and YoY real var. %

Concept	1st Half 2022	1st Half 2023	YoY real var. %
Current transfers to provinces	258,059	400,620	-25.3
National Teacher Incentive Fund	51,094	120,536	13.4
Fiscal Strengthening Fund of the Province of Buenos Aires	44,332	91,016	-1.3
Provincial Pension Funds	32,709	47,773	-29.8
Operation of hospitals	23,695	44,490	-9.7
Educational Management and Socio-educational Policies	3,668	28,120	268.7
School canteens	10,616	12,845	-41.8
National Treasury Contributions (ATN)	16,163	10,761	-68.0
Financial Assistance to Provinces and Municipalities	27,397	294	-99.5
Regulation of Law 27.606 (CABA)	21,637	0	-
Others	26,748	45,080	-19.0

SOURCE: OPC, based on E.Sidif data

second half of 2022: 9% in July, 6% in September, 20% in December, and in 2023: 6% in January, 7% in February, 5.5% in March, 9% in April, 9% in May and 9% in June. In the Legislative Branch, they were 30% in October 2022 and 10% in February 2023.

⁴ Among them, the National Public Employment System, health professionals, armed and security forces.

⁵ The variation in positions refers to the comparative of May 2022 vs. May 2023, last data available at:

<https://www.argentina.gob.ar/economia/dnsichspn>

Transfers to universities (ARS507.74 billion) increased by 8.0% YoY due to the salary policy in force⁶. On the other hand, other current expenditures (ARS86.91 billion) reflected a real increase of 19.8% YoY, mainly driven by higher public debt commissions (ARS20.121 billion, 283.3% YoY) and by expenses necessary for electoral events (ARS8.867 billion in the first half of 2023 and no execution in 2022).

With respect to debt interest (ARS1,342.301 billion), there was an increase of 18.3% YoY, mainly explained by higher interest payments on foreign loans, in a context of rising international interest rates. Interest payments to the IMF amounted to ARS298.607 billion during the year.

Although in June there was a second consecutive real increase in capital expenditures (1.2% YoY in May and 23.0% YoY in June), mainly driven by the transfers to ENARSA for energy infrastructure works, in the half-yearly comparison they decreased by 9.9% YoY as a result of the contraction in the three components of which they are composed. For financial investment (-75.9% YoY), it is worth mentioning that the observed decrease is related to the budgetary treatment of the funds allocated to the company *Aerolíneas Argentinas*. Between 2018 and until 2022 they were recorded as capital contributions and since 2023 they are recorded as current transfers to aerocommercial transportation.

Table 6. Capital expenditures

Cumulative to June 2022 and 2023, in millions of ARS and YoY real var. %

Concept	1st Half 2022	1st Half 2023	YoY real var. %
Real Direct Investment	148,639	287,754	-6.9
National Directorate of Roads	64,907	119,138	-11.7
Strengthening of the Federal Highways Network - National Road Plan - Phase 1	27,971	43,760	-24.8
Execution of Maintenance and Rehabilitation Works in Network by Adm.	12,194	32,128	26.7
Ministry of Public Works	5,127	42,482	298.4
Infrastructure for Transportation and Sustainable Mobility	3,020	23,683	277.1
Hydraulic Infrastructure	0	12,013	-
National Atomic Energy Commission	9,670	12,955	-35.6
Construction of the CAREM Low Power Reactor - Phase II	5,329	7,088	-36.0
Construction of RA-10 Reactor	3,764	5,145	-34.3
Ministry of Education	34,386	38,832	-45.7
<i>Conectar Igualdad</i> (procurement of technological equipment)	28,976	25,928	-57.0
Infrastructure and Equipment	1,162	11,158	361.6
Ministry of Transportation	10,046	17,462	-16.4
Transportation Infrastructure	4,090	9,456	11.2
Freight Rail Infrastructure	5,924	7,891	-35.9
Others	24,503	56,885	11.6
Capital transfers	332,803	661,589	-4.4
To State-owned enterprises	71,041	307,660	108.3
<i>Energía Argentina S.A.</i>	10,529	180,468	724.2
<i>Agua y Saneamientos Argentinos S.A. (AYSA S.A.)</i>	36,380	57,688	-23.7
<i>Administración de Infraestructuras Ferroviarias S.E.</i>	10,868	21,813	-3.5
<i>Empresa Argentina de Soluciones Satelitales S.A. (AR-SAT)</i>	120	13,882	5,463.2
To Trust Funds	142,910	126,492	-57.4

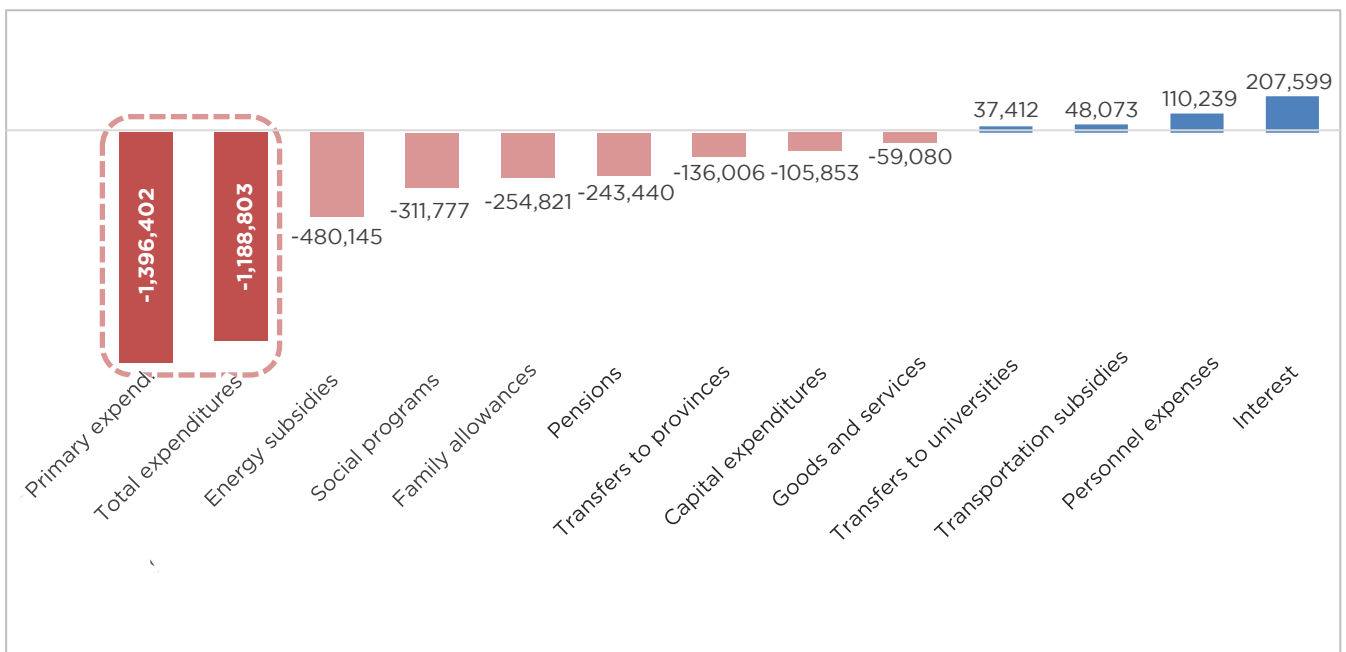
⁶ The bargaining agreement implied accrued guidelines in the second half of 2022 of: 12% in July, 7% in August, 5% in September, 9% in October, 7% in November, 17% in December, and in 2023 of: 2% in January, 4% in February, 20.8% in March, 8% in April, 9% in May, and 8% in June.

Social Housing Trust Fund	20,001	72,102	73.4
PROCREAR Trust Fund	95,815	25,500	-87.2
National Fund for Productive Development (FONDEP)	3,141	16,563	153.6
Hydraulic Infrastructure Trust Fund (FFIH)	20,759	8,749	-79.7
To provinces and municipalities	94,036	174,939	-10.5
Others	24,817	52,499	1.7
Financial Investment	34,243	17,156	-75.9
<i>Aerolíneas Argentinas S.A.</i>	28,745	0	-
Central American Bank for Economic Integration	583	7,623	528.8
FONPLATA	3,712	7,985	3.4
Total	515,686	966,500	-9.9

SOURCE: OPC, based on E.Sidif data

Figure 5. Real variation of main expenditure items

Cumulative to June 2022 and 2023, in millions of constant ARS (2023)



SOURCE: OPC, based on E.Sidif data

National Government Expenditure Execution Level

During the first half of the year, total expenditures amounted to ARS14,137.846 billion, equivalent to 48.5% of the current budget appropriation. Current expenditures accrued 49.3%, whereas capital expenditures accounted for 40.4%.

Within the former, the execution of transfers to universities (65.3%), transportation subsidies (56.9%) and personnel expenses (55.6%) stood out.

As for social programs, Food Policies, *Progresar* student grants and *Potenciar Trabajo*, showed high levels of execution (78.4%, 73.0% and 63.2%, respectively) and budgetary reinforcements are expected to continue with the benefits established for the first half of the year. With respect to the *Alimentar* Benefit, it is worth mentioning that the Congress determined an additional amount when passing the Budget Law, which has not yet been granted.

On the other hand, there are capital expenditures with lower execution levels (40.4%).

Table 7. Cumulative expenditure execution level

Cumulative to June 2023, in millions of ARS and execution %

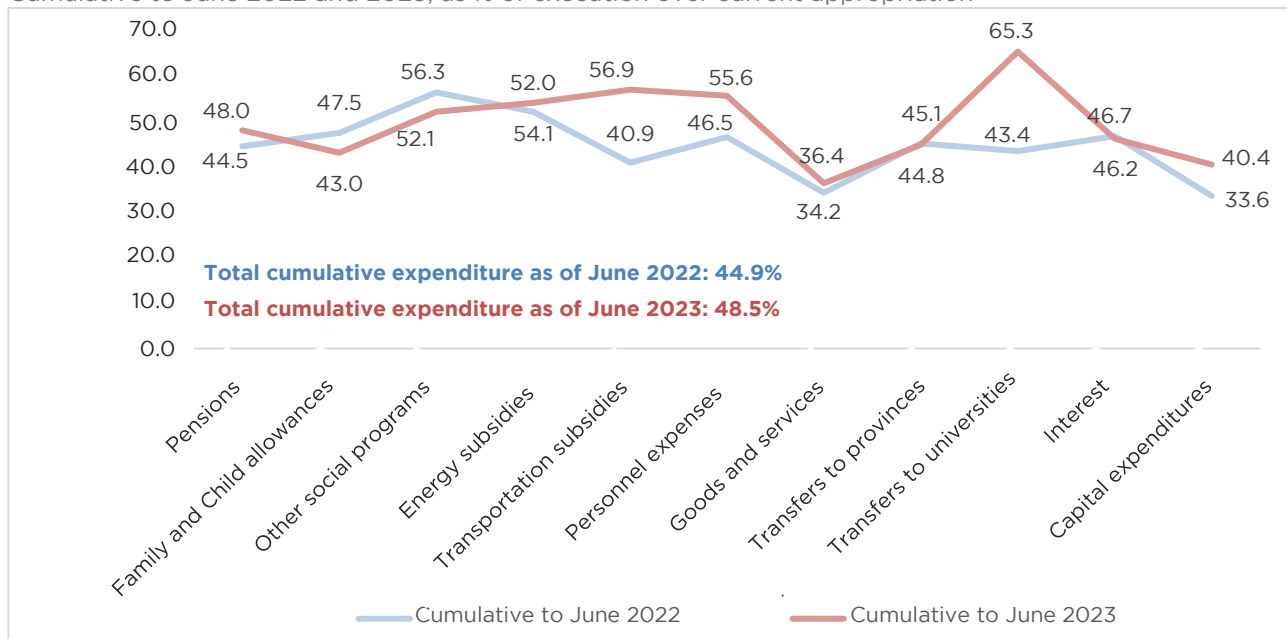
Concept	Initial appropriation	Current appropriation	Accrued	Exec. %
Total expenditures	28,954,031	29,129,581	14,137,846	48.5
Current expenditures	26,622,610	26,738,565	13,171,346	49.3
Social benefits	14,805,664	15,115,524	7,271,808	48.1
Pensions	10,470,637	10,630,727	5,100,561	48.0
Family allowances	1,506,293	1,506,293	648,086	43.0
Universal Child Allowance	684,360	684,360	298,479	43.6
Active pop., Inactive pop., others	821,933	821,933	349,607	42.5
Non-contributory pensions	970,979	1,064,433	526,752	49.5
Other programs	1,857,754	1,914,071	996,408	52.1
<i>Potenciar trabajo</i>	584,938	583,438	368,563	63.2
Food Policy	356,117	361,117	282,999	78.4
<i>Progresar</i> student grants	139,604	139,142	101,614	73.0
Others	777,095	830,374	243,232	29.3
Economic subsidies	3,226,962	3,288,672	1,752,297	53.3
Energy	2,360,992	2,360,928	1,276,207	54.1
Transportation	582,530	642,530	365,680	56.9
Other subsidies	283,440	285,214	110,410	38.7
Personnel expenses	3,040,276	2,668,373	1,483,022	55.6
Good and services	857,647	898,471	326,649	36.4
Transfers to provinces	818,151	894,023	400,620	44.8
Transfers to universities	805,439	777,606	507,740	65.3
Other current expenditures	162,043	189,467	86,910	45.9
Interest	2,906,429	2,906,429	1,342,301	46.2
Capital expenditures	2,331,421	2,391,015	966,500	40.4
Real Direct Investment	717,557	723,755	287,754	39.8
Capital transfers	1,544,023	1,596,219	661,589	41.4
Financial investment	69,841	71,041	17,156	24.1

(*) 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

Figure 6. Execution level of main expenditure items

Cumulative to June 2022 and 2023, as % of execution over current appropriation



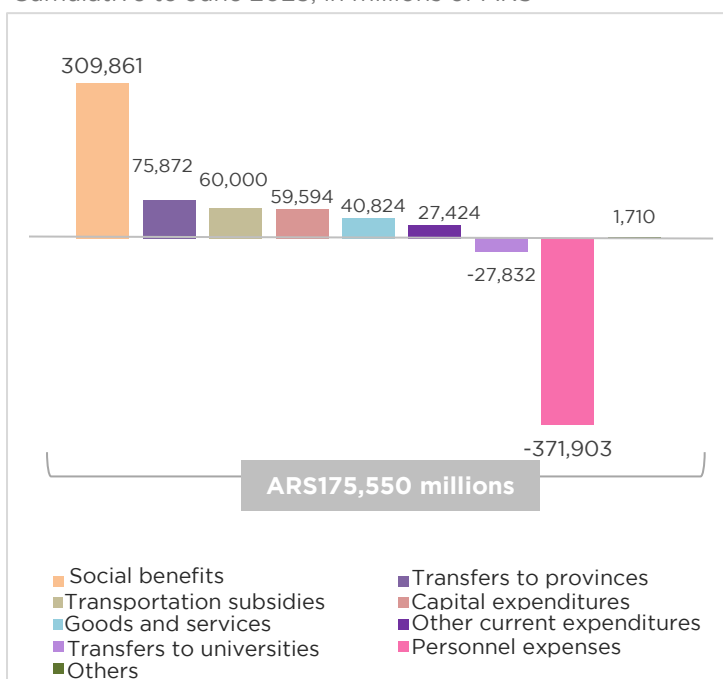
SOURCE: OPC, based on E.Sidif data

Budget amendments

As of June 30, the current appropriation amounted to ARS29,129.581 billion, an increase of 0.6% (ARS175.55 billion) compared to the initial appropriation for the year (ARS28,954.031 billion).

Figure 7. Budget amendments in the first half of the year

Cumulative to June 2023, in millions of ARS



During the first half of the year, six administrative decisions were approved, four of which modified the initial appropriations approved.

Social benefits were the ones that increased the most, mainly due to the pension reinforcement granted through Executive Orders 105/23 and 282/23 in March, April, May, and June, which affected contributory and non-contributory pensions.

The reserve created at the beginning of the fiscal year under Treasury Obligations to cover pension benefits financed a large part of the pension increases.

SOURCE: OPC, based on E.Sidif data

Physical and financial execution of programs

Table 8 provides physical-financial information on programs selected on the basis of their budgetary significance (which accounted for 54.2% of total cumulative expenditure in the period analyzed) and which have monthly physical monitoring. The financial information used refers to the first half of the year. In terms of physical execution, which in each case refers to the most representative target of the program, the cumulative execution as of the last available month (May) is considered.

Table 8. Main programs of the National Government Budget

Cumulative to June 2023, in millions of ARS, % of execution and physical units

Program	Financial execution		Physical execution		
	Accrued as of June	Exec. %	Physical indicator	Execution as of May	Exec. %
Social Security Benefits	3,921,577	45.1	Beneficiaries	6,728,607	100.3
Formulation and Execution of the Electric Energy Policy	693,948	48.2	Coverage % of Wholesale Electricity Cost by means of the price paid by users	54.6	96.0
Family Allowances	648,086	43.0	AUH and AUE Beneficiaries	4,333,309	97.4
Higher Education Development	517,025	65.9	Student (*)	1,747,980	-
Non-Contributory Pensions for Occupational Disability	409,459	52.4	Beneficiaries	1,166,644	98.8
National Program for Socio-Productive Inclusion and Local Development - <i>Potenciar Trabajo</i>	371,287	63.0	Holder	1,292,690	95.8
Food Policy	321,548	72.6	Food allowance granted through a card	2,371,872	97.5
Administration of Security Forces Benefits	147,477	61.3	Beneficiaries	50,691	85.9
Former Provincial Pension Funds	137,588	53.4	Beneficiaries	106,542	101.1
Non-contributory pensions (DNU 746/2017)	119,480	41.9	Pensions granted to mothers of 7 or more children	268,839	99.4
Universal Pension for Older Adults	90,245	42.2	Beneficiaries	290,379	92.1
Integral Production and Access to Habitat	79,990	43.0	Housing under construction	39,210	109.3
Formulation and Execution of Hydrocarbons Policy	75,780	26.3	Cubic meter of subsidized natural gas	2,276,588,865	21.4
Health Care for Beneficiaries of Non-Contributory Pensions	66,913	48.7	Beneficiary and family members with health coverage	976,897	80.0
Human Resources Training	60,530	61.7	Training of grant holders	11,469	98.9

(*) The data refers to the programming for 2023. Execution is reported at the end of the fiscal year.

SOURCE: OPC, based on E.Sidif data

Box 1. Comments on Section 131 of the National Budget Law

Section 131 of Law 27,701 established that *"if as of August 31, 2023 the accumulated inflation rate exceeds by ten percent (10%) the annual target established in this law, or if the revenues of the national public sector exceed by ten percent (10%) those expected for the cumulative period, the National Executive Branch shall submit a Supplementary Law to Congress to determine a new calculation of resources and appropriations of the National Public Administration (NPA) and the expenditure plan for the fourth quarter"*. In addition, the last paragraph states that: *"The Bill shall be submitted during the month of September 2023 and shall be dealt with within thirty (30) days, and the National Executive Branch may not increase the Budget by Decree of Necessity and Urgency during such period"*.

In this regard, it is reported that the accumulated inflation between January and June of the current year reached 50.7%. On the other hand, the accumulated income of the national public sector as of May (last available data from the Secretariat of Treasury) amounted to ARS9,198.264 billion.

Methodological aspects

- 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 July 5, 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.
- 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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