



# ANALYSIS OF NATIONAL GOVERNMENT BUDGET EXECUTION

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Gabriel Esterelles  
**OPC Director**

María Laura Cafarelli - Julieta Olivieri - Romina Muras  
**Analysts**  
**Directorate of Budget Analysis**

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## Executive Summary

As of the third quarter of 2023, total revenues of the National Government amounted to ARS18,431.98 billion and contracted by 4.5% in real terms<sup>1</sup> as compared to the same period of the previous year. This variation is reduced to -2.4% year-on-year (YoY) if ARS400 billion that the Central Bank of the Argentine Republic (BCRA) transferred to the National Treasury between July and August as profit sharing is included as current revenues.

Tax revenues fell by 9.5% YoY, which was partially offset by the increase in Social Security contributions, which grew by 1.4% YoY. Real year-on-year variations were positive in the collection of the main taxes: VAT and the Tax on Bank Debits and Credits (Check Tax), with increases of 12.2% YoY and 0.8% YoY, respectively. Contrary to this behavior, revenues from Export Duties decreased 62.0% YoY, Income Tax collection contracted 11.0% YoY and revenues from Import Duties decreased 9.0% YoY.

Primary expenditures totaled ARS21,690.127 billion, with a real drop of 5.5% YoY. For their part, total expenditures amounted to ARS23,990.765 billion and decreased by a smaller amount (4.1% YoY), as a consequence of the real increase in debt interest (11.5% YoY).

The most significant decreases were recorded in family allowances (27.4% YoY), energy subsidies (24.1% YoY), social programs (12.6% YoY), goods and services (7.4% YoY) and current transfers to provinces (5.5% YoY). Although the percentage decrease in pensions and retirement benefits was more limited (3.5% YoY), it was the third largest contributor to the reduction in expenditures because of its share in the structure of primary expenditure. On the other hand, increases were mainly reflected in transportation subsidies (14.0% YoY), transfers to universities (12.5% YoY), interest (11.5% YoY), personnel expenses (7.8% YoY), capital transfers (7.0% YoY) and non-contributory pensions (4.0% YoY).

As a result of these dynamics, a financial deficit of ARS5,558.785 million was recorded, 2.9% lower in real terms than that obtained in the third quarter of 2022. For its part, the primary result (not including debt interest payments) showed a deficit of ARS3,258.147 billion, 10.9% YoY lower than that recorded in the first nine months of 2022. As for the economic result, a deficit of ARS3,981.278 billion was recorded.

As of September 30, current appropriation amounted to ARS37,113.343 billion, which implied an increase of 28.2% with respect to the initial appropriation for the fiscal year (ARS28,954.031 billion). Between January and September, eight Administrative Decisions and one Necessity and Urgency Decree (DNU) were approved, which together increased the expenditure budget by ARS8,159.311 billion. Transportation subsidies increased the most in relation to the initial appropriation (61.3%), followed by transfers to universities (58.7%) and current transfers to provinces (58.6%). Energy subsidies (4.9%) and family allowances (4.9%) were the expenditure items with the lowest variation with respect to their initial appropriations. In absolute terms, pensions increased by ARS2,437.759 billion, representing almost 30% of the total increase in expenditure (23.4% of the initial appropriation).

In terms of the execution percentage, total expenditures executed 64.6% of the current appropriation. Current expenditures accrued 64.9% and capital expenditures 61.9%. The highest levels of execution were observed in energy subsidies (81.8%), financial investment (80.2%) and other current expenditures (78.4%). On the other hand, debt interest (52.0%) and goods and services (53.0%) recorded the lowest execution levels compared to the appropriation in force as of September 30.

<sup>1</sup> 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 September 2023, the year-on-year variation of said index was 138.3%, whereas the variation of the nine-month average was 115.0% YoY. Accumulated inflation as of September reached 103.2%.

## 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	September 2023			Cumulative (9 months)		
	In millions of ARS	YoY Nom. Var. %	YoY Real Var. %	In millions of ARS	YoY Nom. Var. %	YoY Real Var. %
<b>I. Current revenues</b>	<b>2,769,824</b>	<b>104.6</b>	<b>-14.1</b>	<b>18,300,012</b>	<b>104.4</b>	<b>-5.0</b>
Tax revenues	1,860,749	93.5	-18.8	11,456,660	94.6	-9.5
Social Security contributions	741,110	123.6	-6.1	5,609,645	118.1	1.4
Non-tax revenues	51,233	115.2	-9.7	421,157	142.4	12.7
Goods and services	5,306	104.5	-14.2	35,791	105.3	-4.5
Property income (*)	109,808	221.9	35.1	751,470	155.7	18.9
Current transfers	1,618	305.3	70.1	25,290	223.4	50.4
<b>II. Current expenditures</b>	<b>3,343,784</b>	<b>130.7</b>	<b>-3.2</b>	<b>22,281,290</b>	<b>105.7</b>	<b>-4.3</b>
Social benefits	<b>1,878,053</b>	<b>129.0</b>	<b>-3.9</b>	<b>12,116,485</b>	<b>99.7</b>	<b>-7.1</b>
Pensions	1,247,842	126.0	-5.1	8,370,809	107.5	-3.5
Family allowances	154,183	55.6	-34.7	1,064,102	56.1	-27.4
Universal Child Allowance	64,306	75.5	-26.4	483,872	84.1	-14.4
Active and inactive population, others	89,877	43.9	-39.6	580,230	38.6	-35.6
Non-contributory pensions	145,258	159.5	8.9	877,365	123.7	4.0
Other social programs	330,771	193.2	23.0	1,804,209	88.0	-12.6
<i>Potenciar Trabajo</i>	105,308	152.7	6.0	662,952	111.5	-1.6
Food Policy	68,874	128.5	-4.1	480,272	101.7	-6.2
<i>Progresar</i> student grants	31,793	217.4	33.2	193,253	163.3	22.4
Others	124,797	302.8	69.1	467,733	39.7	-35.0
Economic subsidies	<b>352,081</b>	<b>61.9</b>	<b>-32.0</b>	<b>2,857,681</b>	<b>81.5</b>	<b>-15.6</b>
Energy	189,376	17.9	-50.5	1,991,834	63.3	-24.1
Transportation	97,344	173.8	14.9	631,985	145.2	14.0
Other subsidies	65,362	207.3	29.0	233,862	140.7	11.9
Personnel expenses	<b>389,200</b>	<b>156.1</b>	<b>7.5</b>	<b>2,513,213</b>	<b>131.8</b>	<b>7.8</b>
Goods and services	<b>118,778</b>	<b>196.9</b>	<b>24.6</b>	<b>579,460</b>	<b>99.2</b>	<b>-7.4</b>
Transfers to provinces	<b>239,066</b>	<b>305.8</b>	<b>70.3</b>	<b>866,480</b>	<b>103.2</b>	<b>-5.5</b>
Transfers to universities	<b>132,139</b>	<b>192.0</b>	<b>22.5</b>	<b>854,353</b>	<b>142.0</b>	<b>12.5</b>
Other current expenditures	<b>58,790</b>	<b>409.5</b>	<b>113.8</b>	<b>192,979</b>	<b>157.9</b>	<b>19.9</b>
Interest (**)	<b>175,676</b>	<b>68.5</b>	<b>-29.3</b>	<b>2,300,638</b>	<b>139.7</b>	<b>11.5</b>
<b>III. Economic Result (I-II)</b>	<b>-573,960</b>	<b>500.7</b>	<b>152.1</b>	<b>-3,981,278</b>	<b>112.1</b>	<b>-1.4</b>
<b>IV. Capital revenues</b>	<b>19,445</b>	<b>34.3</b>	<b>-43.7</b>	<b>131,968</b>	<b>475.8</b>	<b>167.7</b>
<b>V. Capital expenditures</b>	<b>351,428</b>	<b>224.7</b>	<b>36.3</b>	<b>1,709,475</b>	<b>111.9</b>	<b>-1.5</b>
Real direct investment	113,445	131.1	-3.0	501,584	109.2	-2.7
Capital transfers	201,274	282.5	60.5	1,151,162	130.1	7.0
Financial investment	36,709	463.5	136.5	56,729	-15.0	-60.5
<b>VI. Total revenues (I+IV)</b>	<b>2,789,268</b>	<b>103.9</b>	<b>-14.4</b>	<b>18,431,980</b>	<b>105.3</b>	<b>-4.5</b>
<b>VII. Total expenditures (II+V)</b>	<b>3,695,212</b>	<b>137.2</b>	<b>-0.4</b>	<b>23,990,765</b>	<b>106.1</b>	<b>-4.1</b>
<b>VIII. Primary expenditures</b>	<b>3,519,536</b>	<b>142.2</b>	<b>1.6</b>	<b>21,690,127</b>	<b>103.1</b>	<b>-5.5</b>
<b>IX. Primary result (VI-VIII)</b>	<b>-730,268</b>	<b>758.6</b>	<b>260.3</b>	<b>-3,258,147</b>	<b>91.5</b>	<b>-10.9</b>
<b>X. Financial result (VI-VII)</b>	<b>-905,944</b>	<b>378.6</b>	<b>100.8</b>	<b>-5,558,785</b>	<b>108.9</b>	<b>-2.9</b>

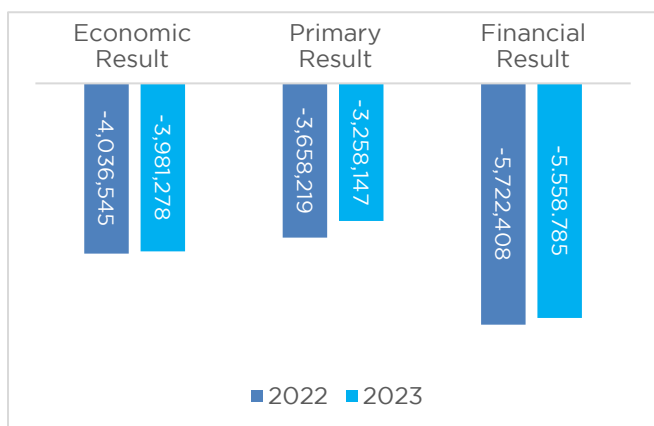
(\*) Includes property income from National Government assets held by the Sustainability Guarantee Fund (FGS). Excludes profits transferred from the BCRA (ARS400 billion as of September 2023).

(\*\*) 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 September 2022 and 2023, in millions of constant ARS (Sep-23)



As of the third quarter of 2023, budgetary results showed decreases in real terms in the year-on-year comparison.

The financial result recorded a deficit of ARS5,558.785 billion, with a decrease in real terms of 2.9% YoY. Net of debt interest payments, the primary deficit reached ARS3,258.147 billion, with a variation of -10.9% compared to that recorded in the third quarter of 2022.

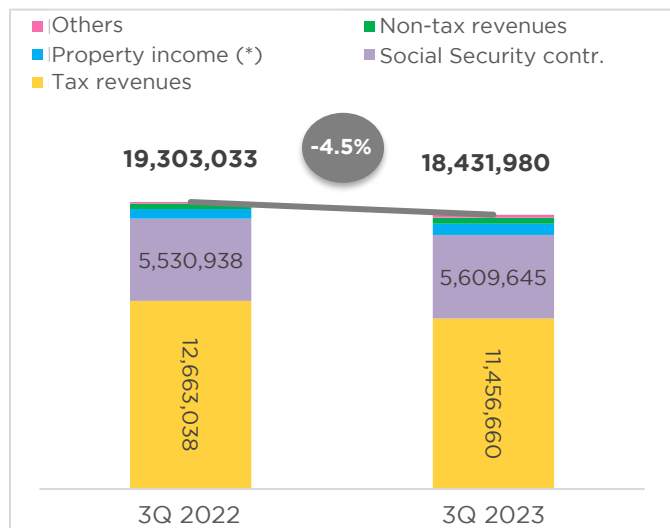
The economic result was negative by ARS3,981.278 million (-1.4% YoY).

SOURCE: OPC, based on E.Sidif data.

### Revenue performance

#### Figure 2. Total revenues

Cumulative as of September 2022 and 2023, in millions of constant ARS (Sep-23) and YoY real var. %



During the first nine months of 2023, total revenues amounted to ARS18,431.98 billion and contracted 4.5% YoY, in real terms. Within its main components, tax revenues<sup>2</sup> fell 9.5% YoY, and Social Security contributions rose 1.4% YoY. Within tax revenues, VAT (ARS4,127.474 million) and "Check Tax" (ARS1,945.043 billion) collections expanded 12.2% YoY and 0.8% YoY, respectively. In addition, although the PAIS Tax (ARS529.965 billion) and Wealth Tax (ARS248.792 billion) do not contribute significantly to total revenues (4.6% and 2.2% of total revenues, respectively), they grew 58.4% YoY and 4.6% YoY, respectively.

(\*) Excludes profits transferred from the BCRA.

SOURCE: OPC, based on E.Sidif data.

On the other hand, Income Tax revenues (ARS2,036.796 billion) showed a decrease of 11.0% YoY, driven by the use of the credit balance to offset other taxes. In addition, Export Duties (ARS841.104 billion) fell 62.0% YoY, and Import Duties (ARS686.535 billion) decreased 9.0% YoY.

Social Security contributions (ARS5,609.645 billion) expanded 1.4% YoY, in the aggregate for the term under analysis. Employer contributions grew 2.9% YoY, and accounted for 62.3%, and personal contributions increased 0.1% YoY, with a share of 37.1% YoY.

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

Non-tax revenues (ARS421.157 billion) increased by 12.7% YoY, mainly driven by the increase in issuance premiums for securities placements (ARS61.152 billion), which grew by 457.8% YoY. Contrary to this behavior, sanitary inspection fees (ARS16.901 billion) fell by 20.3% YoY and the remaining revenues from the Solidarity and Extraordinary Contribution (ARS4.469 billion) fell by 62.7% YoY.

Property income (ARS751.470 billion) increased by 18.9% YoY, mainly due to the Sustainability Guarantee Fund (FGS), (ARS654.666 billion, 10.1% YoY).

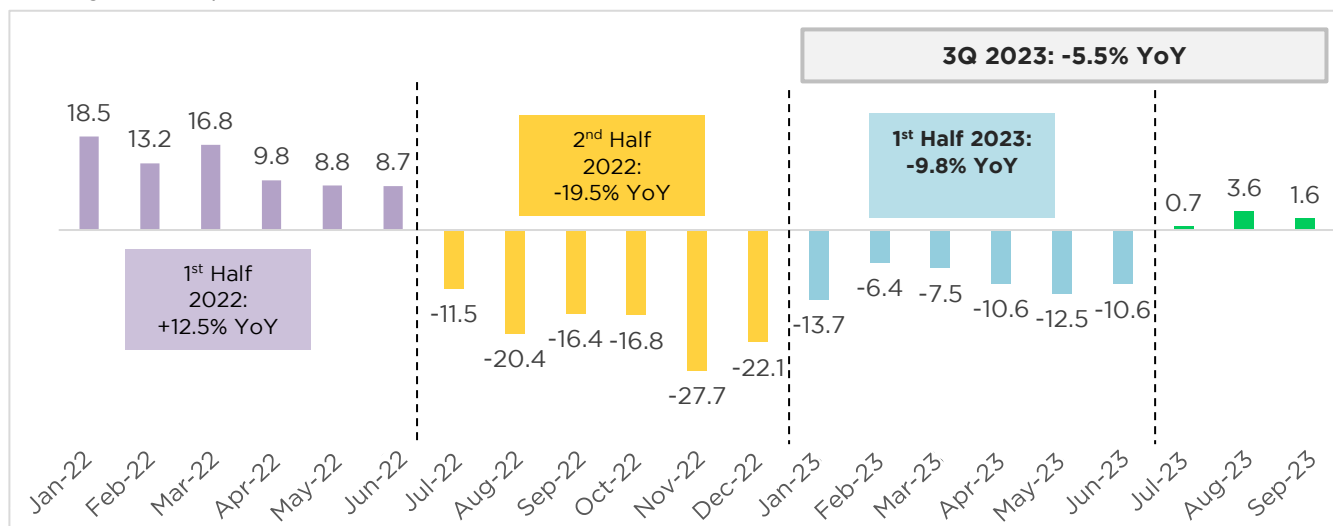
As for capital revenues (ARS131.968 billion), the increase is mainly attributable to the capital transfers received from the Transportation Infrastructure System Trust Fund for ARS129.398 billion to finance works of the National Directorate of Roads (*Dirección Nacional de Vialidad*). Between January and September 2022 these transfers did not occur.

### Expenditure trends

In the third quarter of 2023, primary expenditures of the National Government totaled ARS21,690.127 billion, which implied a reduction in real terms of 5.5% YoY. On the other hand, debt interest amounted to ARS2,300.638 billion, which implied an increase of 11.5% YoY. As a result, total expenditures reflected a more moderate fall of 4.1% YoY.

**Figure 3. Primary expenditures**

January 2022-September 2023, as YoY real var a/a %



SOURCE: OPC, based on E.Sidif data.

Among primary expenditures, real decreases were recorded in family allowances (27.4% YoY), energy subsidies (24.1% YoY), social programs (12.6% YoY), expenditures on goods and services (7.4% YoY), transfers to provinces (5.5% YoY) and real direct investment (2.7% YoY). On the other hand, subsidies to the transportation sector (14.0% YoY), transfers to universities (12.5% YoY), personnel expenses (7.8% YoY), capital transfers (7.0% YoY) and non-contributory pensions (4.0% YoY) expanded.

Social benefits (ARS12,116.485 million) showed a negative variation, accumulating a drop of 7.1% YoY in the third quarter of 2023. There were reductions in pensions (3.5% YoY), in family allowances (27.4% YoY) and in social programs (12.6% YoY). On the other hand, there was an increase in non-contributory pensions (4.0% YoY).

As for pension benefits (ARS8,370.809 billion, -3.5% YoY), those paid by ANSES (ARS7,590.251 billion) fell by 4.4% YoY, and those for defense and security personnel (ARS778.947 billion) rose by 6.6% YoY, as a result of the salary policy established for those in activity.

The fall in social security expenditure was mainly explained by the gap between the updating of the pension benefits adjusted by the mobility formula and inflation<sup>3</sup>. For the lowest-income pensioners, the fall was attenuated by the payment of bonuses (ARS10,000 in January and February, ARS15,000 between March and June, ARS17,000 in July, ARS20,000 in August and ARS37,000 in September). In fact, discounting the expenditure destined to the payment of bonuses, the drop in the expenditure on pensions would be 7.8% YoY. Pension benefits updated only by the mobility formula (not covered by the bonuses) showed a reduction in purchasing power of 13.8% YoY as of the third quarter of 2023, while minimum pension benefits practically equaled inflation (0.5% YoY).

Family allowances (ARS1,064.102 billion) fell 27.4% YoY, mainly those for the active population (ARS409.482 billion, -42.0% YoY), as a result of the update of the value of benefits below inflation, the reduction of the monthly supplement established in October 2021 (E.O. 719/21) and the policy of updating the maximum ceilings to access the benefit (which started in March). In addition, transfers for the Universal Child Allowance (AUH) (ARS483.872 billion) decreased by 14.4% YoY.

On the other hand, non-contributory pensions (ARS877.365 billion) expanded 4.0% YoY, mainly due to the policy of compensatory bonuses (ARS10,000 in January and February, ARS15,000 in March, April, May and June, ARS17,000 in July, ARS20,000 in August and ARS37,000 in September), despite the fact that the mobility formula was below inflation.

Cumulative expenditures for social programs up to the third quarter (ARS1,804.209 billion) showed a real decrease of 12.6% YoY. This fall was influenced by the Reinforcement of Income for informal workers, simplified-regime taxpayers (*monotributistas*) categories A and B and private household workers paid in May and June last year, a policy not implemented in the same period of this year, as well as the falls recorded in the *Potenciar Trabajo* benefit (ARS662.952 billion, -1.6% YoY) and in Food Policies (ARS480.272 billion, -6.2% YoY). Among the latter, the *Alimentar* Benefit (ARS457.007 billion, -6.8% YoY) stands out. On the other hand, *Progresar* student grants (ARS193.253 billion) and the Health Care Program for Beneficiaries of Non-Contributory Pensions (NCP) (ARS123.598 billion) showed positive real variations of 22.4% YoY and 16.8% YoY, respectively. However, it is worth noting that in the year-on-year monthly variation, social programs showed an average increase of 23.0% YoY in real terms, with increases in Health Care for NCP Beneficiaries (47.7% YoY), *Progresar* (33.2% YoY), *Potenciar Trabajo* (6.0% YoY) and *Alimentar* Benefit (2.0% YoY)<sup>4</sup>.

For their part, economic subsidies (ARS2,857.681 billion) recorded a decrease of 15.6% YoY, driven by subsidies to the energy sector (24.1% YoY). On the other hand, transfers to the transportation sector grew 14.2% YoY and those for other components grew by 11.9% YoY.

The most significant component of energy subsidies (ARS1,991.834 million, -24.1% YoY) were transfers to CAMMESA within the framework of the sustainability of the Electricity Market, with an associated expenditure of ARS1,220.748 billion, representing a reduction of 32.1% YoY. As a result of the increase in tariffs, the percentage of coverage of the wholesale electricity cost through the tariff paid by users went from an average of 45.3% from January to August 2022, to 54.5% in the same

<sup>3</sup> Cumulative inflation to September reached 103.2% YoY, whereas the mobility formula increased by 74.5% YoY. The nine-month average inflation was 115.0% YoY vs. 84.8% YoY of the mobility formula.

<sup>4</sup> Resolution of the Ministry of Social Development (MDS) 1798/23 authorized the payment of a supplementary and extraordinary payment of ARS20,000 to the beneficiaries of the *Potenciar Trabajo* program, to be paid in two monthly payments of ARS10,000 in September and October. Resolution MDS 1758/23 authorized the payment of a variable reinforcement for holders of the *Alimentar* Card (ARS10,000, ARS17,000 and ARS23,000, depending on the category), to be paid in September and October.

period of this year (last data available in E.Sidif). Similarly, transfers to ENARSA (ARS597.5 billion) aimed at financing fuel imports decreased by 9.5% YoY, mainly due to the reduction of natural gas import quantities and of Liquefied Natural Gas import prices. On the other hand, there was an increase in real terms of 200.7% in transfers under the Gas IV-Gas AR Plan (ARS70.707 billion), which includes a stimulus price for the local production of natural gas in order to ensure the supply of the domestic market.

### Table 2. Energy subsidies

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

Recipient	3Q 2022	3Q 2023	YoY real var. %
<b>Energy</b>	<b>1,219,977</b>	<b>1,991,834</b>	<b>-24.1</b>
<b>Electric Energy</b>	<b>841,483</b>	<b>1,227,212</b>	<b>-32.2</b>
CAMMESA	835,973	1,220,748	-32.1
Yacyretá Binational Entity	5,369	6,117	-47.0
Others	141	347	14.3
<b>Natural Gas</b>	<b>369,646</b>	<b>744,322</b>	<b>-6.4</b>
ENARSA	306,892	597,500	-9.5
Gas IV Plan - Gas.AR (DNU 892/2020)	10,936	70,707	200.7
Trust Fund for Subs. to Residential Consumption Liquefied Petroleum Gas (Law 26,020)	31,919	60,046	-12.5
Non-Conventional Gas Plan Resolution No. 46/2017 Ministry of Energy and Mining	11,664	0	-
Others	8,235	16,070	-9.2
<b>Others</b>	<b>8,848</b>	<b>20,300</b>	<b>6.7</b>

SOURCE: OPC, based on E.Sidif data.

Transfers to the transportation sector (ARS631.985 billion) increased by 14.0% YoY, mainly driven by transfers to the Transportation Infrastructure System Trust Fund (FFSIT) within the framework of the compensation scheme for motor transportation (ARS231.523 billion), which increased by 18.2% YoY, while transfers to *Operador Ferroviario S.E.* (ARS224.837 billion) decreased by 2.9% YoY. Transfers to *Aerolíneas Argentinas* amounted to ARS40.5 billion. It should be noted that from 2018 to 2022 these transfers were recorded as capital contributions in National Government Financial Report.

### Table 3. Transportation subsidies

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

Recipient	3Q 2022	3Q 2023	YoY real var. %
<b>Transportation</b>	<b>257,697</b>	<b>631,985</b>	<b>14.0</b>
<b>Motor Vehicle Transportation (FFSIT)</b>	<b>122,769</b>	<b>307,928</b>	<b>16.6</b>
Motor Vehicle Transportation Compensation Regime	91,119	231,523	18.2
Compensation Fund for Urban and Suburban Transportation outside the Greater Buenos Aires	31,650	69,000	1.4
Compensation for Concessioned Passenger Railroad Transportation Services	-	7,405	-
<b>Railroad Transportation</b>	<b>123,184</b>	<b>263,450</b>	<b>-0.5</b>
<i>Operador Ferroviario S.E.</i>	107,656	224,837	-2.9
<i>Belgrano Cargas y Logística</i>	9,776	21,968	4.5
<i>Desarrollo del Capital Humano Ferroviario S.A.</i>	4,206	9502.1	5.0
<i>Administración de Infraestructuras Ferroviarias S.E.</i>	1,462	6,454	105.4
<i>Ferrocarriles Argentinos Sociedad del Estado</i>	84.08	689.09	281.1
<b>Aero-commercial Transportation</b>	<b>5,417</b>	<b>45,159</b>	<b>287.7</b>
<i>Aerolíneas Argentinas S.A.</i>	0	40,500	-
<i>Empresa Argentina de Navegación Aérea S.E.</i>	4,105	3,301	-62.6
<i>Intercargo S.A.</i>	1,312	1,358	-51.9
<b>Others</b>	<b>6,327</b>	<b>15,448</b>	<b>13.5</b>

SOURCE: OPC, based on E.Sidif data.



Finally, other economic subsidies (ARS233.862 billion) increased by 11.9% YoY, mainly driven by transfers to AYSA SA (ARS55.592 billion), which grew by 31.6% YoY, and by financial assistance to *Correo Argentino* (ARS48.232 billion) to cover its operating expenses, with an increase of 28.1% in the YoY comparison. On the other hand, transfers to the National Fund for Productive Development (FONDEP) (ARS18.732 billion), showed a contraction of 49.2% YoY, and disbursements within the framework of the *Previaje* Program (ARS15.790 billion) decreased by 63.9% YoY.

#### Table 4. Other subsidies

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

Concept	3Q 2022	3Q 2023	YoY real var. %
<b>Otros subsidios</b>	<b>97,151</b>	<b>233,862</b>	<b>11.9</b>
<i>Agua y Saneamientos Argentinos S.A. (AYSA S.A.)</i>	19,646	55,592	31.6
<i>Correo Argentino</i>	17,515	48,232	28.1
<i>Radio y Televisión Argentina S.E. (RTA S.E.)</i>	8,474	20,842	14.4
Production stimulus and development of small and medium-sized producers and regional economies.	0	20,543	-
National Fund for Productive Development (FONDEP)	17,161	18,732	-49.2
<i>PreViaje</i>	19,338	15,790	-62.0
Support to the Rural Sector	0	15,766	-
<i>Fabricaciones Militares Sociedad del Estado</i>	1906	6,719	63.9
Trust Fund for the Protection of Native Forests	3243.3	4,195	-39.9
TELAM S.E.	1744.2	3,948	5.3
Others	8,124	23,504	34.5

SOURCE: OPC, based on E.Sidif data.

Personnel expenses (ARS2,513.213 billion) grew by 7.8% YoY, basically due to the remaining salary adjustment policy for the year 2022, where the latest guidelines had an impact on the first months of the current fiscal year, and to the adjustments agreed for 2023<sup>5</sup>. In addition, specific salary increases were made for the different scales in the National Executive Branch<sup>6</sup>, whose expenditure (ARS1,981.804 billion) accounted for 78.9% of the total personnel expenditure and reflected an increase of 11.2% YoY. As for the number of positions held in the National Executive Branch<sup>7</sup>, there was a 1.5% increase in permanent and temporary positions and a 3.2% increase in contracted personnel. In the Judicial Branch, personnel expenditures (ARS298.535 billion) decreased by 4.1% YoY and accounted for 11.9% of the total. The number of positions held in the Judicial Branch grew by 11.6% YoY. In the Legislative Branch (ARS114.905 billion), personnel expenses decreased by 1.0% YoY and accounted for 4.6% of the total. As for the Public Prosecutor's Office (ARS117.969 billion), accrued expenditures decreased by 2.5% YoY and accounted for 4.7% of total personnel expenditure.

Expenditures for goods and services (ARS579.460 billion) contracted by 7.4% YoY in the third quarter, despite the fact that in September there was a real year-on-year increase of 24.6% YoY. The reduction observed in the third quarter was mainly due to the drop in expenditures related to the purchase of vaccines for COVID-19 (ARS6.943 billion, -87.5% YoY) and vaccines included in the national schedule (ARS22.797 billion, -59.9% YoY). Expenditures related to census actions decreased 95.2% YoY, with an execution of ARS14.272 billion as of September 30, 2022 and of ARS1.481 billion

<sup>5</sup> 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 October, 10% in November, and in 2023: 10% in January, 10% in February, 8% in March, 5.13% in April, 5.5% in May, 7% in June, 11% in July, 12% in August and 11% in September. In the Judicial Branch, it was agreed as of September 2022: 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, 9% in June and 6.5% in July. In the Legislative Branch they were 30% in October 2022, and in 2023: 10% in February, 35% in July and 35% in August.

<sup>6</sup> These include the National Government Employment System, health professionals, armed and security forces, among others.

<sup>7</sup> The variation in positions relate to the comparison of the average number of positions between January and August 2022 vs. January and August of the last data available at: <https://www.argentina.gob.ar/economia/dnsichspn>.

in the same period of 2023. On the other hand, there were increases in expenditures on goods and services for the management and administration activities of National Government agencies (ARS106.372 billion), which reflected an increase of 2.4% YoY, and in expenditures related to electoral events, which executed ARS29 million as of September 2022 and ARS36.294 billion as of September 2023.

Current transfers to provinces (ARS866.48 billion) recorded the second consecutive month of real year-on-year growth (27.0% YoY in August and 70.3% in September). However, in the cumulative figure as of September, there was a real decrease of 5.5% YoY. This reduction was mainly driven by the transfers made within the framework of different agreements signed with the National Government under the Financial Assistance to Provinces and Municipalities program (ARS40.403 billion, -58.8% YoY) and by those to Provincial Pension Funds (ARS91.860 billion, -16.1% YoY). Similarly, National Treasury Contributions (ATN) (ARS32.636 billion, -26.0% YoY) and transfers to the Autonomous City of Buenos Aires (CABA) for the transfer of security functions (Regulation of Law 27.606) decreased.

Contrary to this behavior, transfers for the National Teacher Incentives Fund - FONID (ARS219.515 billion) rose 22.1% YoY and transfers for Educational Management and Socio-educational Policies (ARS49.714 billion), within the framework of the program for the universalization of the full or extended school day in primary education, grew 139.6% YoY.

### Table 5. Current transfers to provinces

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

Concept	3Q 2022	3Q 2023	YoY real var. %
Current transfers to provinces	426,338	866,480	-5.5
National Teacher Incentive Fund	83,620	219,515	22.1
Fiscal Strengthening Fund of the Province of Buenos Aires	75,415	159,100	-1.9
Provincial Pension Funds	50,941	91,860	-16.1
Hospitals	36,280	83,611	7.2
Regulation of Law 27.606 (CABA)	35,841	65,383	-15.2
Educational Management and Socio-educational Policies	9,650	49,714	139.6
School canteens	21,652	36,086	-22.5
Financial Assistance to Provinces and Municipalities	45,647	40,403	-58.8
National Treasury Contributions (ATN)	20,503	32,636	-26.0
Others	46,789	88,172	-12.4

SOURCE: OPC, based on E.Sidif data.

Transfers to universities (ARS854.353 million) increased by 12.5% YoY as a result of the current salary policy<sup>8</sup>.

On the other hand, other current expenditures (ARS192.979 billion) reflected a real increase of 19.9% YoY, mainly driven by the higher expenditures necessary for the execution of electoral events (ARS36.67 billion accrued as of the third quarter of 2023, with no execution in 2022) and by the increase related to tourism promotion actions (ARS12.332 billion accrued as of the third quarter of 2023 vs. ARS106 million in the same period of 2022).

As for debt interest (ARS2,300.638 billion), there was a growth of 11.5% YoY, mainly explained by higher interest payments on foreign loans, in a context of rising international interest rates. Payments to the IMF totaled ARS514.921 billion during the year.

<sup>8</sup> The bargaining agreement implied accrued guidelines since September 2022 of: 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, 8% in June, 12% in July, 11% in August and 10% in September.

Although there was a real increase in capital expenditures in September (36.3% YoY), mainly driven by capital transfers and financial investment, in the cumulative comparison as of September 30, they decreased by 1.5% YoY as a result of the contraction in financial investment (60.5% YoY) and in real direct investment (2.7% YoY). It should be mentioned that the decrease in financial investment is related to the budgetary treatment of the funds allocated to *Aerolíneas Argentinas*. As previously mentioned, 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 September 2022 and 2023, in millions of ARS and YoY real var. %

Concept	3Q 2022	3Q 2023	YoY real var. %
<b>Capital Expenditures</b>	<b>806,900</b>	<b>1,709,475</b>	<b>-1.5</b>
<b>Real Direct Investment</b>	<b>239,765</b>	<b>501,584</b>	<b>-2.7</b>
<b>National Directorate of Roads</b>	<b>104,266</b>	<b>179,621</b>	<b>-19.9</b>
Construction of Highways	45,356	61,106	-37.3
Execution of Maintenance and Rehabilitation Works in Network by Adm.	20,018	57,209	32.9
<b>Ministry of Education</b>	<b>43,380</b>	<b>87,273</b>	<b>-6.4</b>
<i>Conectar Igualdad</i> (procurement of technological equipment)	34,041	47,795	-34.7
Infrastructure and Equipment	2,643	14,290	151.4
<b>Ministry of Public Works</b>	<b>12,014</b>	<b>76,072</b>	<b>194.5</b>
Infrastructure for Transportation and Sustainable Mobility	8,053	45,039	160.1
Hydraulic Infrastructure	0	20,180	-
<b>National Atomic Energy Commission</b>	<b>15,429</b>	<b>25,555</b>	<b>-23.0</b>
Construction of the CAREM Low Power Reactor - Phase II	8,849	14,048	-26.2
Construction of RA-10 Reactor	5,530	9,615	-19.1
<b>Ministry of Transportation</b>	<b>18,695</b>	<b>16,250</b>	<b>-59.6</b>
Transportation Infrastructure	7,622	15,860	-3.2
Freight Rail Infrastructure	11,014	0	-100.0
<b>Others</b>	<b>45,981</b>	<b>116,813</b>	<b>18.1</b>
<b>Capital Transfers</b>	<b>500,364</b>	<b>1,151,162</b>	<b>7.0</b>
<b>To State-owned enterprises</b>	<b>111,415</b>	<b>503,179</b>	<b>110.0</b>
<i>Energía Argentina S.A.</i>	18,206	247,044	531.0
<i>Agua y Saneamientos Argentinos S.A. (AYSA S.A.)</i>	56,942	131,943	7.8
<i>Administración de Infraestructuras Ferroviarias S.E.</i>	15,215	63,385	93.7
<i>Corredores Viales S.A.</i>	1,181	21,127	732.2
<b>To Trust Funds</b>	<b>189,091</b>	<b>238,644</b>	<b>-41.3</b>
Social Housing Trust Fund	60,382	117,817	-9.3
PROCREAR Trust Fund	95,815	76,810	-62.7
National Fund for Productive Development (FONDEP)	4,744	23,553	130.9
Hydraulic Infrastructure Trust Fund (FFIH)	23,352	9,249	-81.6
<b>To provinces and municipalities</b>	<b>162,829</b>	<b>326,976</b>	<b>-6.6</b>
<b>Others</b>	<b>37,029</b>	<b>82,363</b>	<b>3.4</b>
<b>Financial Investments</b>	<b>66,771</b>	<b>56,729</b>	<b>-60.5</b>
<i>Aerolíneas Argentinas S.A.</i>	45,514	0	-100.0
Andean Development Corporation	12,227	32,661	24.2
FONPLATA	3,897	7,985	-4.7
Central American Bank for Economic Integration	656	7,623	440.1

SOURCE: OPC, based on E.Sidif data.

## National Government Expenditure Execution Level

As of September 30, total expenditures accrued ARS23,990.765 billion, equivalent to 64.6% of the current budget appropriation. Current expenditures accrued 64.9% and capital expenditures 61.9%.

The highest levels of execution were observed in energy subsidies (81.8%), financial investment (80.2%) and other current expenditures (78.4%). Within social programs, expenditures for food policies and *Progresar* grants exceeded 75% of the allocated budget.

On the other hand, interest on debt (52.0%) and goods and services (53.0%) recorded the most moderate levels of execution compared to the current appropriation.

**Table 7. Cumulative expenditure execution level**

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

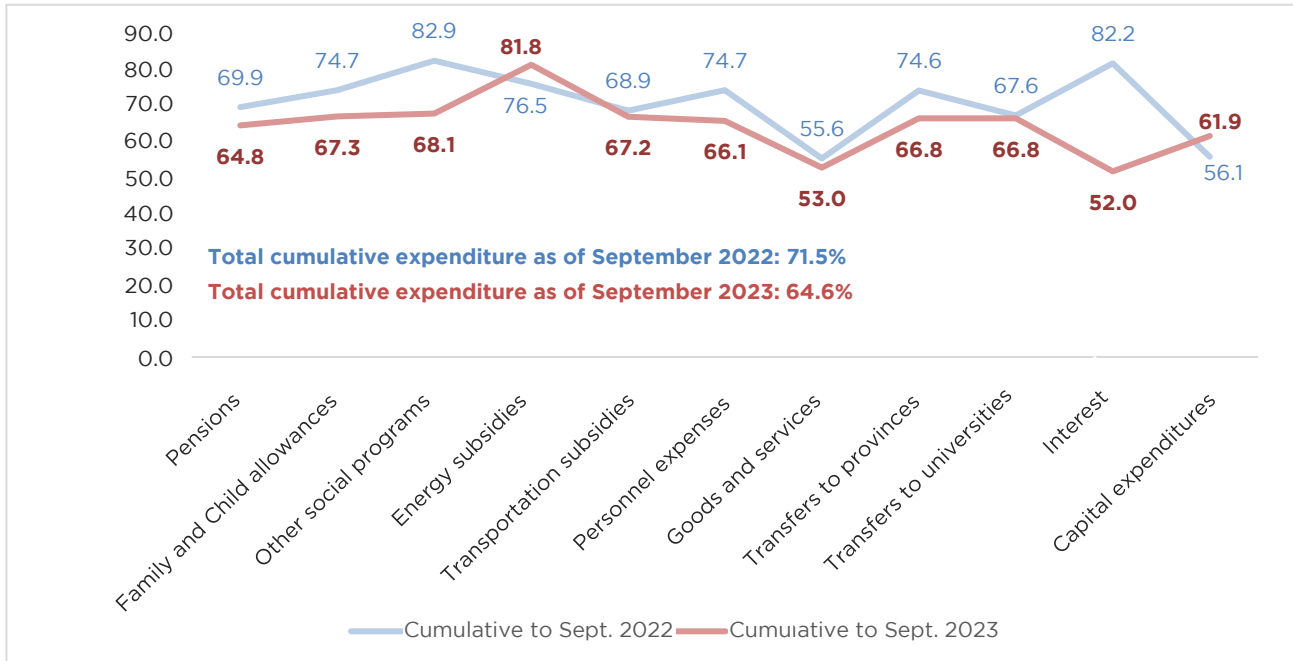
Concept	Initial appropriation	Current appropriation	Accrued	Execution %
<b>Total expenditures</b>	28,954,031	37,113,343	23,990,765	64.6
<b>Current expenditures</b>	26,622,610	34,350,291	22,281,290	64.9
Social benefits	14,805,664	18,461,075	12,116,485	65.6
Pensions	10,470,637	12,908,396	8,370,809	64.8
Family allowances	1,506,293	1,580,293	1,064,102	67.3
Universal Child Allowance	684,360	737,360	483,872	65.6
Active pop., Inactive pop., others	821,933	842,933	580,230	68.8
Non-contributory pensions	970,979	1,324,793	877,365	66.2
Other programs	1,857,754	2,647,593	1,804,209	68.1
<i>Potenciar trabajo</i>	584,938	992,442	662,952	66.8
Food Policy	356,117	626,250	480,272	76.7
<i>Progresar</i> student grants	139,604	253,287	193,253	76.3
Others	777,095	775,615	467,733	60.3
Economic subsidies	3,226,962	3,745,444	2,857,681	76.3
Energy	2,360,992	2,434,595	1,991,834	81.8
Transportation	582,530	939,770	631,985	67.2
Other subsidies	283,440	371,079	233,862	63.0
Personnel expenses	3,040,276	3,800,823	2,513,213	66.1
Good and services	857,647	1,092,773	579,460	53.0
Transfers to provinces	818,151	1,297,807	866,480	66.8
Transfers to universities	805,439	1,278,133	854,353	66.8
Other current expenditures	162,043	246,301	192,979	78.4
Interest	2,906,429	4,427,933	2,300,638	52.0
<b>Capital expenditures</b>	2,331,421	2,763,052	1,709,475	61.9
Real Direct Investment	717,557	804,466	501,584	62.3
Capital transfers	1,544,023	1,887,837	1,151,162	61.0
Financial investment	69,841	70,749	56,729	80.2

(\*) 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 4. Execution level of main expenditure items

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



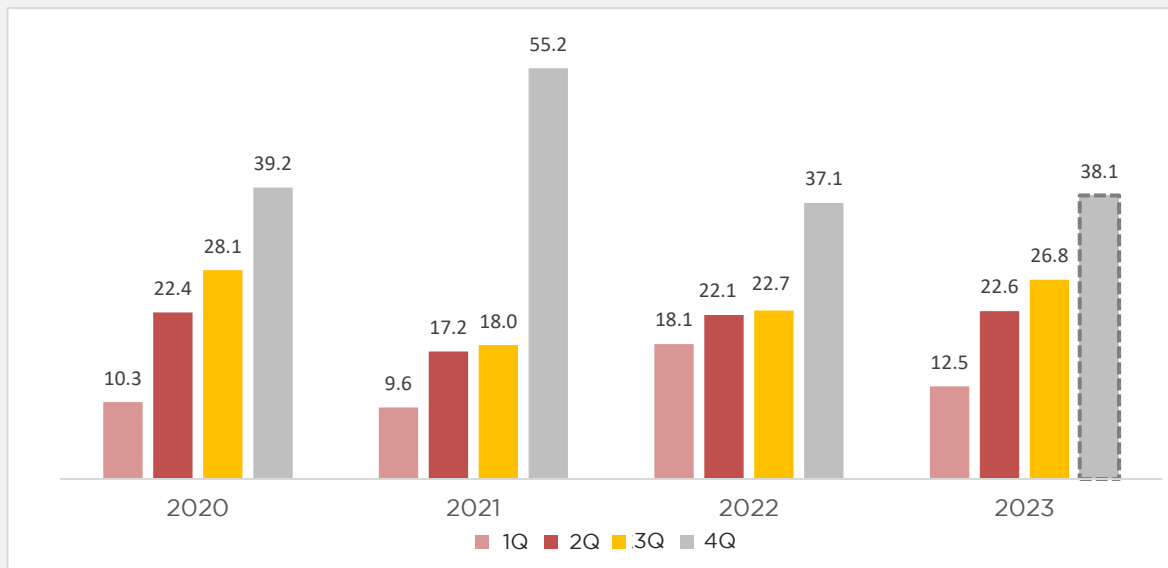
SOURCE: OPC, based on E.Sidif data.

### Box 1. Quarterly execution of capital expenditures

The execution of capital expenditures accelerates as the year progresses. In 2021, more than half of capital expenditures were incurred during the third quarter of the year. So far in the current fiscal year, the historical behavior has been verified, with an increasing trend in quarterly execution. In line with this observed seasonality, an increase in capital expenditures is expected in the last quarter of 2023.

### Figure 5. Quarterly execution of capital expenditures

2020 and 2023, as % quarterly representation on annual execution and on the current approp. in 2023



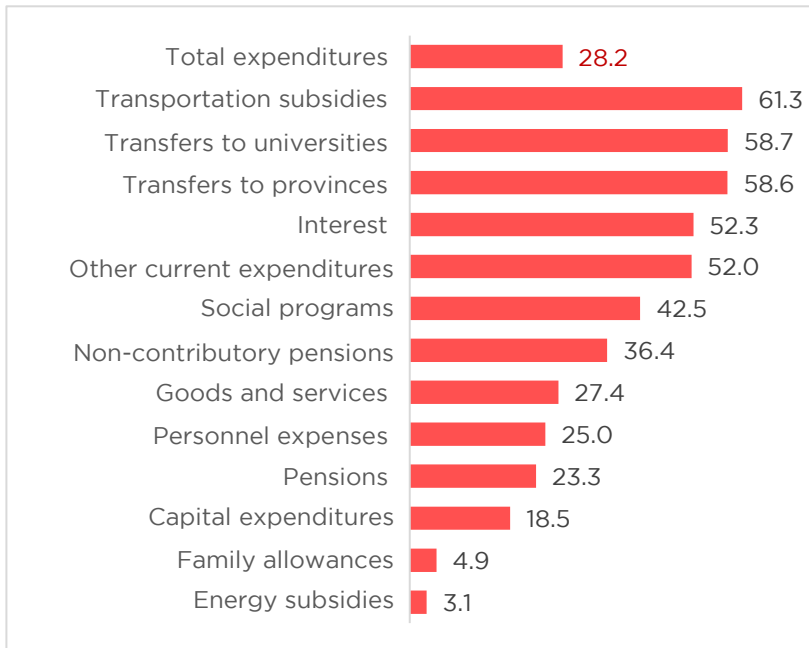
SOURCE: OPC, based on E.Sidif data.

### Budget amendments

As of September 30, the current appropriation amounted to ARS37,113.343 billion, an increase of 28.2% (ARS8,159.311 billion) compared to the initial appropriation for the year (ARS28,954.031 billion).

**Figure 6. Increase in current appropriation in relation to initial appropriation**

Cumulative to June 2023, as a %



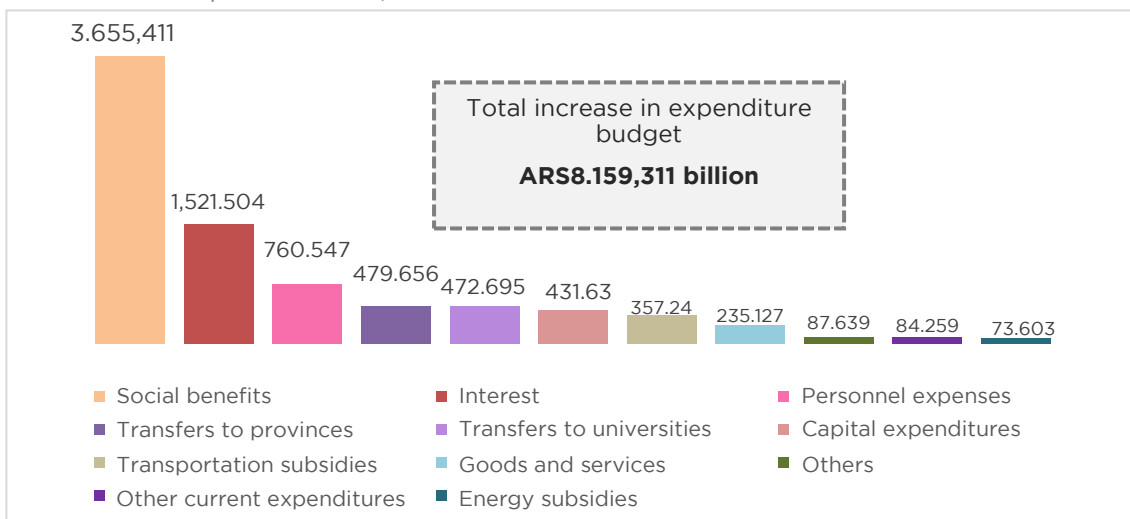
As of September 30, eight administrative decisions and one necessity and urgency decree were approved, which together increased the total expenditure budget by 28.2% with respect to the initial appropriation for the fiscal year.

Transportation subsidies varied the most in relation to the initial budget (61.3%), from ARS582.53 billion to ARS939.77 billion. Energy subsidies varied the least (3.1%): from ARS2,360.992 billion to ARS2,434.595 billion.

SOURCE: OPC, based on E.Sidif data.

**Figure 7. Budget appropriations increase for main items**

Cumulative to September 2023, in billions of ARS



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 53.1% of total cumulative expenditure in the period analyzed) and which have monthly physical monitoring. The financial information used refers to the third quarter 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 (August) is considered.

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

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

Program	Financial execution		Physical execution		
	Accrued as of September	Exec. %	Physical indicator	Execution as of August	Exec. %
Social Security Benefits	6,345,995	64.3	Beneficiaries	6,755,193	100.7
Formulation and Execution of the Electric Energy Policy	1,227,365	85.1	Coverage % of Wholesale Electricity Cost by means of the price paid by users	54.5	95.7
Family Allowances	1,064,102	67.3	AUH and AUE Beneficiaries	4,318,118	97.1
Higher Education Development	866,597	66.7	Student (*)	1,747,980	-
Non-Contributory Pensions for Occupational Disability	690,023	66.6	Beneficiaries	1,179,042	99.9
National Program for Socio-Productive Inclusion and Local Development - <i>Potenciar Trabajo</i>	666,838	66.8	Holders	1,282,802	95.0
Food Policy	552,806	71.2	Food allowance granted through a card	2,358,129	97.0
Administration of Security Forces Benefits	248,809	65.3	Beneficiaries	59,290	100.5
Former Provincial Pension Funds	223,658	61.8	Beneficiaries	106,239	100.9
Non-contributory pensions (DNU 746/2017)	190,197	65.2	Pensions granted to mothers of 7 or more children	267,837	99.0
Formulation and Execution of Hydrocarbons Policy	167,323	58.1	Cubic meter of subsidized natural gas	4,151,559,001	39.0
Universal Pension for Older Adults	139,933	65.4	Beneficiaries	286,453	90.9
Integral Production and Access to Habitat	132,166	70.7	Housing under construction (**)	41,082	114.5
Health Care for Beneficiaries of Non-Contributory Pensions	124,701	79.6	Beneficiary and family members with health coverage	980,539	80.3
Human Resources Training	105,465	84.6	Training of grant holders	11,551	99.6

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

(\*\*) The latest available data is for June 2023.

SOURCE: OPC, based on E.Sidif data.

## 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 Secretary of Treasury, with a cut-off date of October 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.
- 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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Hipólito Yrigoyen 1628. Piso 10 (C1089aaf) CABA, Argentina.  
T. 54 11 4381 0682 / [contacto@opc.gob.ar](mailto:contacto@opc.gob.ar)  
[www.opc.gob.ar](http://www.opc.gob.ar)