ANALYSIS OF NATIONAL GOVERNMENT BUDGET EXECUTION

Year 2023

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Contents

List of Tables

List of Figures

Executive Summary

In 2023, the budget execution of the National Government recorded a primary deficit of 3.2% of GD, 0.4 percentage points (p.p.) lower than the deficit observed in fiscal year 2022 (3.5% of GDP). This result arises from comparing total revenues (15.2% of GDP), which showed a 0.7 p.p. reduction in terms of GDP, with primary expenditures (18.3% of GDP), which fell by 1 p.p. In turn, debt interest represented 1.8% of GDP (-0.1 p.p.), so that the financial deficit reached 5.0% of GDP, 0.4 p.p. lower than that recorded in 2022 (5.4%).

The negative real variation observed in resources (5.9% YoY[1]) is mainly due to the decrease in tax revenues (11.0% YoY real), which dropped 1.0 p.p. of GDP (9.4% vs. 10.4% in 2022). This evolution was driven by real decreases in Export Duties (57.0% YoY) and Income Tax (21.5% YoY), partially offset by positive real variations in VAT (8.2% YoY) and PAIS Tax (118.0% YoY) revenues. On the other hand, non-tax revenues increased (61.2% YoY) and property income (33.3% YoY) due, for the former, to the awarding of 5G service licenses (ARS308.651 billion, without execution in 2022) and, for the latter, to the interest generated by the Sustainability Guarantee Fund (FGS) (24.3% YoY).

On the side of primary expenditures, which showed a year-on-year real decrease (7.0% YoY), the trend was mainly driven by the fall in pension benefits (6.1% YoY), family allowances (31.1% YoY) and energy subsidies (26.5% YoY). This behavior was partially offset by increases in personnel expenses (8.5% YoY), current transfers to provinces (8.1% YoY), and transfers to universities (6.2% YoY). The drop in pension expenditure would have been 12.4% YoY had it not been for the extraordinary bonus policy that partially offset the savings from the application of the pension benefit adjustemnt formula.

The current appropriation as of December 31, 2023, amounted to ARS40,411.433 billion, which implies an increase of 39.3% with respect to the initial appropriation of the fiscal year (ARS28,954,031 billion). The expenditure items with the highest variations with respect to the initial budget were transfers to provinces (106.5%), which doubled their budget, followed by other current expenditures (89.5%) and social programs (79.2%). Family allowances showed the smallest variation in relation to the initial budget (4.3%). Of the total budget increase (ARS11,457.402 billion), 83.1% was allocated through the approval of two Necessity and Urgency Decrees (DNU), and the remaining 16.9% was authorized by means of fifteen Administrative Decisions (AD) of the Chief of Cabinet of Ministers.

Total accrued expenditures reached ARS38,122.48 billion in 2023, equivalent to 94.3% of the current budget appropriation. The execution of some social programs such as *Progresar* student grants (100.0%), Food Policies (99.7%) and *Potenciar Trabajo* (99.7%), followed by transfers to universities (99.8%), non-contributory pensions (99.6%) and pensions (99.2%) stood out. On the other hand, interest on debt (77.9%), goods and services (83.7%) and capital expenditures (84.9%) were those items with the lowest level of execution. From the point of view of budget execution by purpose, Social Services stood out, both for the level of execution reached at the end of the fiscal year (97.6%) and for its share in the structure of total expenditure (65.2% of total expenditure).

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[1] For the calculation of real variations, the Consumer Price Index (CPI) variation of the National General Level (INDEC) is used as a deflator. For the month of December 2023, the year-on-year variation of this index was 211.4%, and the variation of the twelve-month average was 133.5% YoY.

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

Table 1. Revenues, expenditures, and results

2022 and 2023. In millions of ARS, YoY real var. %, and as % of GDP.

| Concept	2022	2023	YoY real var. %	2022 % GDP	2023 % GDP
I. Current revenues	**12,981,806**	**28,503,353**	**-6.0**	**15.7**	**15.1**
Tax revenues	8,594,013	17,866,387	-11.0	10.4	9.4
Social Security contributions	3,679,076	8,295,463	-3.4	4.5	4.4
Non-tax revenues	264,135	994,286	61.2	0.3	0.5
Goods and services	24,866	53,298	-8.2	0.0	0.0
Property income (*)	405,774	1,262,828	33.3	0.5	0.7
Current transfers	13,941	31,090	-4.5	0.0	0.0
II. Current expenditures	**16,244,381**	**35,512,456**	**-6.4**	**19.7**	**18.8**
Social benefits	9,098,623	19,537,461	-8.0	11.0	10.3
Economic subsidies	2,134,952	4,069,196	-18.4	2.6	2.2
Personnel expenses	1,691,479	4,284,649	8.5	2.1	2.3
Goods and services	464,416	965,789	-10.9	0.6	0.5
Transfers to provinces	625,495	1,578,812	8.1	0.8	0.8
Transfers to universities	547,521	1,357,449	6.2	0.7	0.7
Other current expenditures	113,755	270,125	1.7	0.1	0.1
Interest (**)	1,568,140	3,448,975	-5.8	1.9	1.8
III. Economic result	**-3,262,575**	**-7,009,103**	**-8.0**	**-4.0**	**-3.7**
IV. Capital revenues	**62,306**	**147,365**	**1.3**	**0.1**	**0.1**
V. Capital expenditures	**1,283,490**	**2,610,024**	**-12.9**	**1.6**	**1.4**
Real direct investment	387,759	741,254	-18.1	0.5	0.4
Capital transfers	790,681	1,809,423	-2.0	1.0	1.0
Financial investment	105,050	59,347	-75.8	0.1	0.0
VI. Total revenue	**13,044,111**	**28,650,718**	**-5.9**	**15.8**	**15.2**
VII. Total expenditure	**17,527,870**	**38,122,480**	**-6.8**	**21.3**	**20.2**
VIII. Primary expenditures	**15,959,731**	**34,673,505**	**-7.0**	**19.4**	**18.3**
IX. Primary result (VI-VIII)	**-2,915,619**	**-6,022,787**	**-11.5**	**-3.5**	**-3.2**
X. Financial result (VI-VII)	**-4,483,759**	**-9,471,762**	**-9.5**	**-5.4**	**-5.0**

(*) Includes property income generated by assets of the National Government held by the Sustainability Guarantee Fund (FGS). Excludes income received as profits from the Central Bank of Argentina (BCRA), which totaled ARS400 billion in 2023.
(**) Includes interest paid intra Public Sector, as recorded in the E.Sidif.
SOURCE: OPC, based on E.Sidif data.

Figure 1. National Government Results

2019-2023, as % of GDP
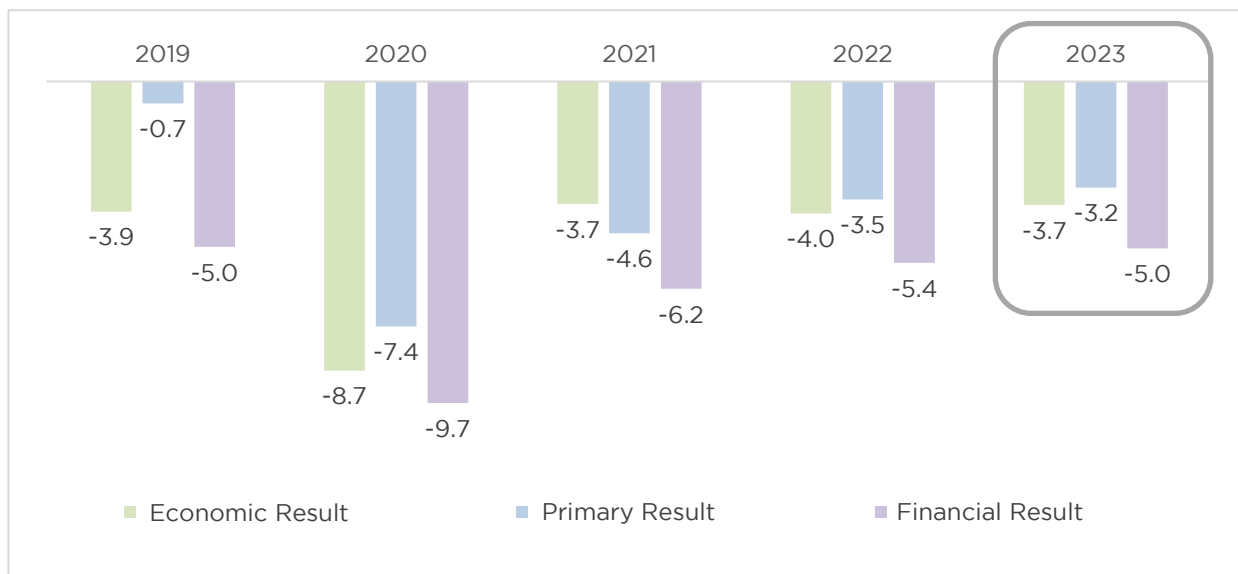
Profits transferred from the BCRA (Central Bank) are not included.
SOURCE: OPC, based on E.Sidif and INDEC data.

During Fiscal Year 2023, the National Government recorded a primary deficit of 3.2% of GDP, 0.3 percentage points (p.p.) lower than the deficit recorded in 2022 (3.5% of GDP), although 2.5 p.p. higher than that of 2019 (0.7% of GDP). However, when considering debt interest (1.8% of GDP), a financial deficit of 5.0% of GDP is obtained, 0.4 p.p. lower than in 2022, but equivalent to that of 2019.

When comparing the dynamics of revenues (15.2% of GDP) with primary expenditures (18.3% of GDP), it is observed that revenues fell by 0.7 p.p. of GDP with respect to 2022, and primary expenditures fell by 1 p.p. The comparison with 2019 shows a loss of 2.0 p.p. on the revenue side and an increase of 0.5 p.p. in primary expenditures.

Revenue evolution

Figure 2. Evolution of total resources
2019-2023, in millions of constant ARS (2023)
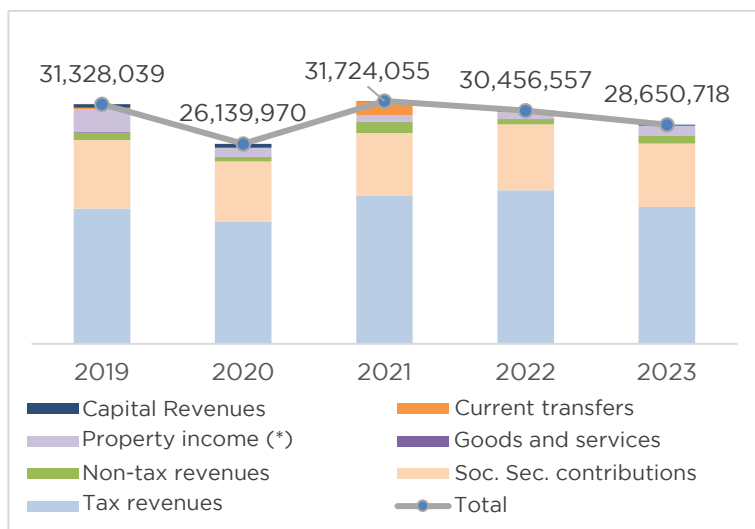
Over the five-year period since 2019, the National Government resources in 2023 were the second lowest in the series, in constant currency, surpassing only that of fiscal year 2020, a year affected by the restrictions on economic activity and the implementation of fiscal relief measures, adopted in the context of the COVID-19 pandemic.

(*) Excludes profits transferred from the BCRA.
(**) Includes IMF Special Drawing Rights (SDRs) for ARS439.723 billion in 2021 (ARS1,767.27 billion at 2023 values).
SOURCE: OPC, based on E.Sidif data.

During 2023, current and capital revenues totaled ARS28,650.718 billion, showing a 5.9% YoY decline in real terms and a drop of almost 0.7 p.p. of GDP (15.2% vs. 15.8% in 2022). This performance is mainly due to the evolution of tax revenues (ARS17,866.387 billion), which showed a real contraction of 11.0% YoY and 1.0 p.p. of GDP (9.4% vs. 10.4% in 2022). Additionally, social security contributions (ARS8,295.463 billion) showed a real fall of 3.4% YoY and 0.1 p.p. in GDP. Tax revenues and social security contributions together represent 91.3% of the total revenue of the National Government.

Figure 3. Evolution of tax resources
2019-2023, in millions of constant ARS (2023)
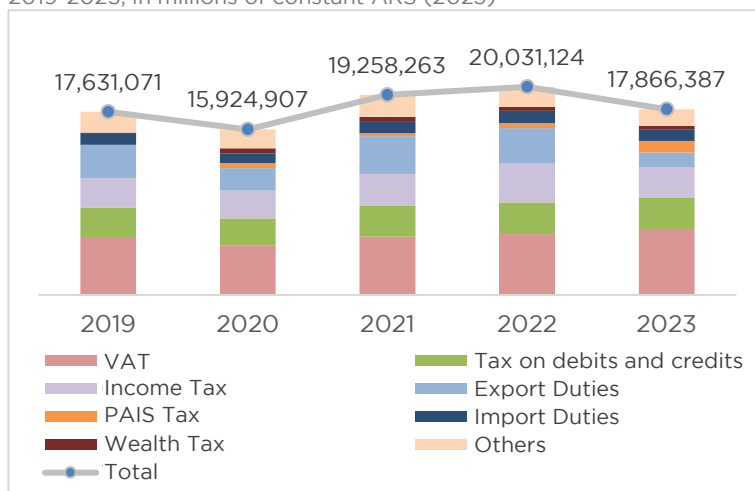
The decrease in tax revenues was driven by Export Duties (-57.0% YoY, -1 p.p. of GDP) and Income Tax (-21.5% YoY, -0.4 p.p. of GDP). For the former, the drop was mainly a consequence of the drought, and for the latter, the tax structure (time lag), the comparison base that includes an extraordinary advance payment on unexpected corporate income[2], and the reduction of the tax burden on workers[3] converged to determine the decrease.

SOURCE: OPC, based on E.Sidif data.

[2] Resolution AFIP 5248/22.
[3] Executive Orders 267/23, 316/23, 414/23, 415/23 and 473/23.

These performances were partially offset by the positive real variations in the collection of VAT (8.2% YoY) and PAIS Tax (118.0%), the latter mainly because of the broadening of the tax base, which included goods imports, international freights, and other services as from Executive Order 377/23.

For their part, non-tax revenues (ARS994.286 billion) grew 61.2% YoY mainly because of the awarding of 5G service licenses (ARS308.651 billion, not executed in 2022), and property income (ARS1,262.828 billion) grew 33.5% YoY due to the interest generated by the Sustainability Guarantee Fund (FGS) (24.3% YoY).

Finally, capital resources (ARS147.365 billion) increased 1.3% YoY. Transfers from the Transportation Infrastructure System Trust Fund, destined to finance works of the National Directorate of Roads (ARS141.938 billion), accounted for 96.3% of capital revenues, and decreased slightly by 0.4% compared to 2022. This was offset by transfers from the Highway and Safe Roads Network Trust Fund - RARS (ARS4.351 billion), for which there was no revenue in 2022.

Expenditure evolution

Figure 4. Expenditure dynamics and its main components
2019-2023, as % of GDP.

Total expenditures

2019	2020	2021	2022	2023
22.1	25.7	23.2	21.3	**20.2**

Primary expenditures

2019	2020	2021	2022	2023
17.8	23.4	21.6	19.4	**18.3**

Social Security benefits
(included non-contributory pensions)

2019	2020	2021	2022	2023
8.7	9.7	8.1	7.9	**7.6**

Personnel expenses

2019	2020	2021	2022	2023
2.1	2.1	2.0	2.1	**2.3**

Interest
(includes intra-Public Sector)

2019	2020	2021	2022	2023
4.3	2.3	1.7	1.9	**1.8**

Capital expenditures

2019	2020	2021	2022	2023
1.3	1.3	2.6	1.6	**1.4**

Energy subsidies

2019	2020	2021	2022	2023
1.1	1.6	2.1	1.9	**1.4**

Social programs
(includes transfers to INSSJP)

| 2019	2020	2021	2022	2023
0.9	3.4	2.1	2.0	**1.9**

SOURCE: OPC, based on E.Sidif data.

Primary expenditures totaled ARS34,673.505 billion in 2023, which implies a decrease of 7.0% YoY in real terms and of 1.0 p.p. of GDP (18.3% vs. 19.4% in 2022). Considering debt interest (ARS3,448.975 billion, -5.8% YoY), total expenditure amounted to ARS38,122.48 billion, and decreased by 6.8% YoY in real terms and by 1.1 p.p. with respect to GDP (20.2% vs. 21.3% in 2022). As can be seen in Figure 4, the level of primary expenditures was 0.5 p.p. higher than in 2019, whereas total expenditures were 0.9 p.p. lower than in that same year (in 2019 interest represented 4.3% of GDP, and in 2023 it was 1.8%).

Figure 5. Evolution of Social benefits
2019-2023, in millions of constant ARS (2023)
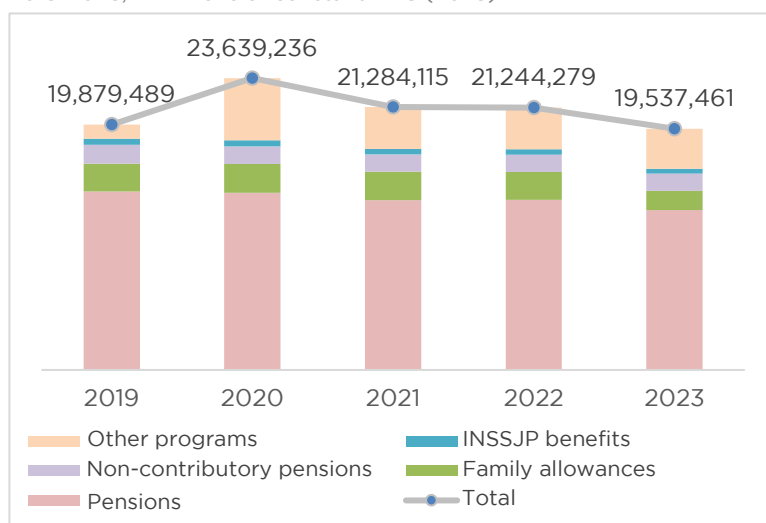
Among primary expenditures, the evolution of social benefits (ARS19,537.461 billion) stands out, which showed a decrease of 8.0% YoY in real terms and 0.7 p.p. of GDP (10.3% vs. 11.0%), representing the lowest figure measured in constant values since 2019. Such evolution is mainly due to the dynamics of pension benefits (-6.1% YoY and -0.3 p.p. of GDP) and family allowances (-31.1% YoY and -0.3 p.p. of GDP).

SOURCE: OPC, based on E.Sidif data.

As for pension benefits (ARS12,944.062 billion), those paid by ANSES (ARS11,634.887 billion) fell by 7.4% YoY, whereas those paid to defense and security personnel (ARS1,306.742 billion) rose by 7.6% YoY, as a result of the salary increase for active duty personnel, which has an impact on the adjustment of pension benefits. The fall in ANSES' social security expenses was mainly explained by the application of the benefit adjustemnt formula in force (Law 27,609), which resulted in pension adjustements below inflation (91.9% YoY vs. 133.5% YoY). This effect was partially offset by the granting of bonuses to lower-income pensioners (ARS10,000 in January and February, ARS15,000 between March and June, ARS17,000 in July, ARS20,000 in August, ARS37,000 in September, October and November and ARS55,000 in December). In fact, discounting the bonus payment, the drop in expenditure on pensions of ANSES was 12.4% YoY. Thus, the purchasing power of pension benefits of the general ANSES system (tied to the pension benefit adjustment formula) fell by an average of 16.3% YoY, and those of pensioners who receive the minimum benefit (including bonuses) fell by only 1.2% YoY.

In turn, expenditure on non-contributory pensions (ARS1,414.234 billion) increased by 1.4% YoY in real terms. This variation is mainly explained by the increase in the number of pensions paid[4]. Additionally, although the real value of benefits was also negatively affected by the differential between pension benefit adjustments and inflation, the compensating effect of the bonuses granted had a greater impact on this expenditure item, since it applies to all NCP holders (as opposed to

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[4] The number of beneficiaries went from an average of 1.12 to 1.19 million in eleven months of 2022 compared to the same period of 2023 (+6.9% YoY).

SIPA - Argentine Integrated Pension System - pensions, where only those with the lowest incomes received them).

Expenditure on family allowances (ARS1,549.936 billion) fell by 31.1% YoY, mainly due to the application of the adjustment formula, which reduced the purchase value of benefits by 16.3% YoY on average. Additionally, family allowances for the active and inactive population (ARS855.740 billion, -36.6% YoY), were affected by the high comparison base, due to the incidence of the monthly reinforcement (supplement) granted last year (ARS138.566 billion vs. a remainder of ARS1.937 billion in 2023). As for universal allowances (ARS694.195 billion, -22.7% YoY), it is worth mentioning that the dynamics of inflation had an additional impact, although lower than the former, due to the delay in the payment of the 20% withheld monthly and cleared upon verification of the requirements that enable full payment (health checkups, vaccination schedule and the pertinent school year).

Figure 6. Evolution of Social programs
2019-2023, in millions of constant ARS (2023)
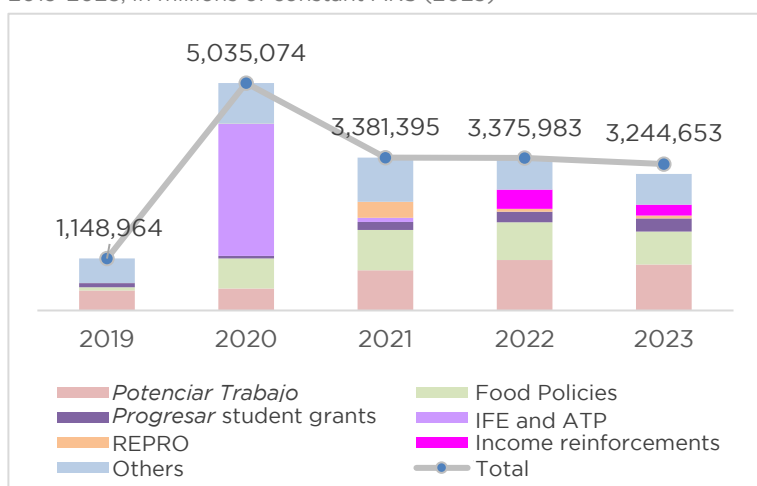
Transfers for social programs (ARS3,244.653 billion) fell by 3.9% YoY. This decrease was driven by the lower assistance for Income Reinforcement (-42.9% YoY), as well as in the programs *Potenciar Trabajo* (-9.3% YoY) and Food Policies (-12.3% YoY). In contrast, the increase in *Progresar* student grants (+23.9% YoY) and VAT refunds (ARS221.828 billion), among other programs (+13.3% YoY), had an impact.

SOURCE: OPC, based on E.Sidif data.

Figure 7. Evolution of Economic subsidies
2019-2023, in millions of constant ARS (2023)
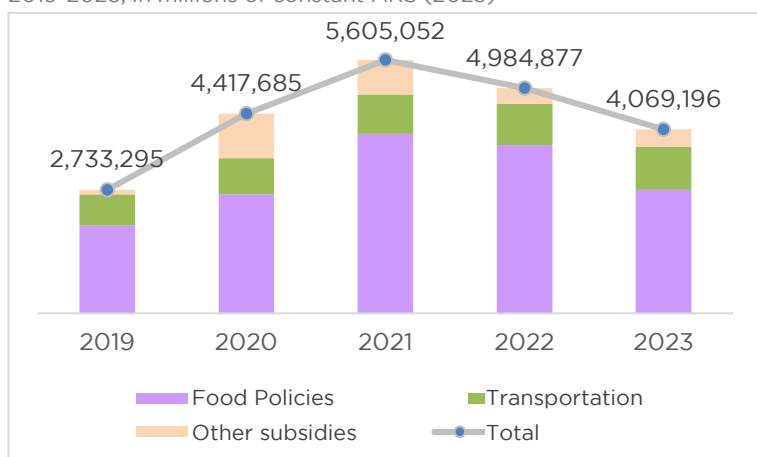
Economic subsidies (ARS4,069.196 billion) decreased in real terms by 18.4% YoY, as a result of the reduction in energy subsidies (-26.5% YoY), partially offset by the increase in other economic subsidies (+9.7% YoY) and in transportation subsidies (+4.2% YoY). With respect to 2019, an increase of 48.9% in real terms is observed.

SOURCE: OPC, based on E.Sidif data.

Expenditure on energy subsidies amounted to ARS2,734.708 billion, implying a real drop of 26.5% YoY and of 0.5 p.p. of GDP (1.4% vs. 1.9% in 2022), mainly attributable to lower transfers to *Compañía Administradora del Mercado Mayorista Eléctrico S.A.* - CAMMESA (-34.8% YoY), aimed at guaranteeing the supply of electric energy, covering the percentage of wholesale costs that are not covered by the price paid by users. To a lesser extent, there was also a decrease in the transfers to *Energía Argentina S.A.* - ENARSA (-2.3% YoY) to cover the difference between the import price of natural gas (Bolivia) and liquefied natural gas (LNG) and the sale price in the domestic market. Both the tariff revision process and the reduction of natural gas imports and lower international prices were factors that reduced these contributions. On the other hand, the devaluation of the peso had an impact.

As for transfers to CAMMESA, the reduction was largely due to the decrease in the gap between the wholesale cost of the electricity system and the tariff paid by users as a result of the tariff segmentation policy implemented by the National Government. According to the company's data, during 2023, costs increased 75% YoY (from ARS11,830/MWh to ARS20,725/MWh) and the Seasonal Monomic Price (PEST) increased 111% YoY (from ARS4,642/MWh to ARS9,779/MWh), which increased the percentage of coverage through tariffs (distribution demand) from 41% in 2022 to 48% in 2023[5]. The coverage of total demand increased from 51% to 56%.

Transportation subsidies totaled ARS951.987 billion, implying an increase of 4.2% YoY in real terms. Almost half of this amount was allocated to the Transportation Infrastructure System Trust Fund - FFSIT (ARS479.216 billion), mainly for tariff compensations for public passenger transportation both in the Greater Buenos Aires (AMBA) (ARS353.815 billion, +18.6% YoY) and in the rest of the country (ARS102 billion, +9.0% YoY). On the other hand, financial assistance to state-owned railroad transportation companies (ARS398.369 million) showed a 13.2% drop, mainly due to lower transfers to *Operador Ferroviario S.E.* (ARS335.145 million, -15.4% YoY), to cover the difference between the operating cost of public railroad passenger transportation in the AMBA and the one covered by the fares paid by users.

Other economic subsidies (ARS382.501 billion) increased by 9.7% YoY, mainly because of the financial assistance to *Agua y Saneamientos Argentinos S.A.* - AYSA S.A. (ARS86.857 billion, +39.8% YoY) and to *Correo Argentino* (ARS83.806 billion, +14.9% YoY), as well as to different agro-industrial promotion schemes for regional economies (ARS39.522 million, +160.0% YoY). On the other hand, there was a decrease in transfers to the National Fund for Productive Development - FONDEP (ARS18.951 billion, -61.7% YoY) and to the Argentine Guarantee Fund - FOGAR (ARS4.5 billion in 2022, not executed in 2023), which provide financing to SMEs and entrepreneurs, as well as in those destined to tourism promotion within the framework of the *Previaje* program (ARS27.297 billion, -53.7% YoY).

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[5] Refers to the average from January to November (latest available data).

Figure 8. Evolution of Personnel expenses
2019-2023, in millions of constant ARS (2023)
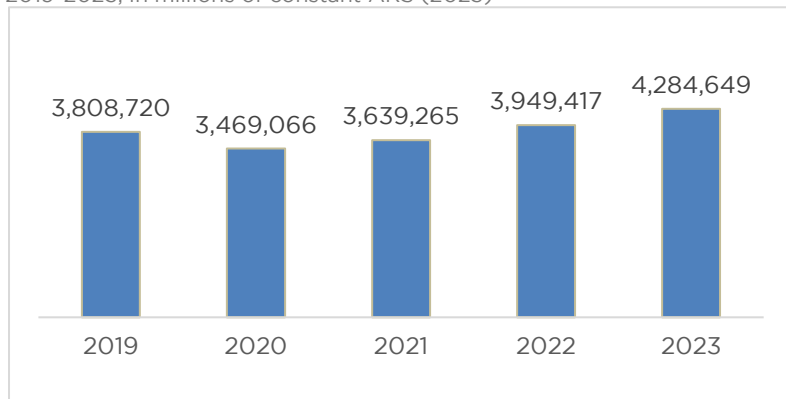
Personnel expenses (ARS4,284.649 billion) recorded an increase of 8.5% YoY in real terms. This variation mainly reflects that the 2022 salary policy accrued during the first months of fiscal year 2023 and the salary guideline agreed for 2023 more than offset inflation[6].

SOURCE: OPC, based on E.Sidif data.

Expenditures on goods and services (ARS965.789 billion) decreased by 10.9% YoY. This year-on-year decrease was influenced by a reduction in purchases of COVID-19 vaccines (ARS9.708 billion), which fell 87.7% YoY, and those of the national vaccination schedule (ARS45.949 billion), which fell 46.3% YoY. In addition, census actions (ARS1.57 billion) demanded less execution from one year to another (in 2022, a National Census of Population, Households and Housing was conducted), showing a drop of 95.8% YoY, and expenditures on goods and services for management and administration activities of the National Government agencies (ARS160.323 billion), which fell 8.4% YoY. On the other hand, ARS57.978 billion were accrued for the execution of election events for the services provided by *Correo Argentino*.

Figure 9. Evolution of Current transfers to provinces
2019-2023, in millions of constant ARS (2023)
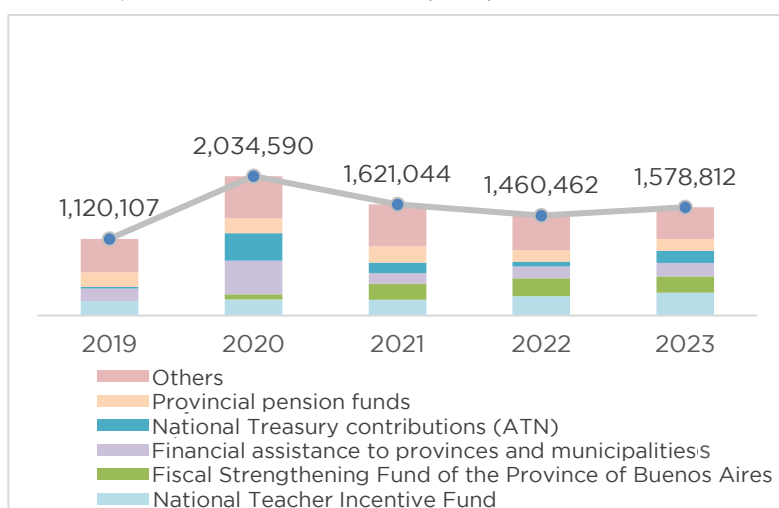
Current transfers to provinces (ARS1,578.812 million) showed an increase of 8.1% YoY in 2023, discontinuing the decreasing behavior observed since 2020 when it reached the maximum execution peak of the series, as a result of the financial assistance to provinces and municipalities in the framework of the COVID-19 pandemic.

SOURCE: OPC, based on E.Sidif data.

[6] The salary increases for the Executive Branch personnel grouped under the Collective Labor Agreement of the National Administration (Executive Order 214/06) remaining from the 2022 bargaining agreement effective during 2023 totaled 31.4%, while the increases for the 2023 salary policy were of 5.5% (May), 7% (June), 11% (July), 12% (August), 11% (September and October), 10% (November) and 9% (December), cumulative. In the Legislative Branch, increases of 35% in July, 35% in August and another 20% in November were applied, in addition to a 10% of the remaining amount of the 2022 bargaining agreement applied in February 2023. For the Judicial Branch and the Public Prosecutor's Office, the guidelines agreed were: 9% in April, May and June, 6.5% in July, 12% in August, 10% in September, 9.5% in October and 10% in November, added to a 19.7% of the remainder of the 2022 bargaining agreement applied in the first three months of the year.

The programs that boosted growth in 2023 with respect to 2022 were mainly the funds allocated to provinces through the National Treasury Contributions (ATN) (ARS179.53 billion) and the National Teacher Incentive Fund (ARS331.247 billion), which recorded year-on-year growth of 140.3% and 17.4%, respectively. On the other hand, the funds allocated to the Autonomous City of Buenos Aires as a result of the transfer of security powers and functions (ARS65.383 billion), those made within the framework of Food Policies (ARS49.304 billion), and those transferred to the Fund for the Fiscal Strengthening of the Province of Buenos Aires (ARS242.526 billion), fell by 48.7% YoY, 36.5% YoY and 7.0% YoY, respectively.

Transfers to universities (ARS1,357.449 billion) reflected an increase of 6.2% YoY due to the salary agreements in force, which include a salary increase for fiscal year 2022 during the first months of fiscal year 2023. The last guideline agreed for fiscal year 2023 includes a 6.0% increase in December over November salaries.

On the other hand, other current expenditures (ARS270.125 billion) remained at very similar levels to those of 2022, with a slight growth of 1.7% YoY. Within this category, the expenditures for the execution of electoral events stand out (ARS48.145 billion, not execueted in 2022), among which are those for custody and security, and funds for the printing of ballots and for the conduct of primary and general election campaigns of political parties[7]. In addition, transfers destined to the payment of quotas and contributions to international organizations by the Ministry of Foreign Affairs, International Trade and Worship (ARS38.056 billion, +48.6% YoY) stand out. On the other hand, commissions and other expenses on long-term debt in foreign currency decreased (ARS48.383 billion, -36.9% YoY in real terms).

Figure 10. Evolution of Debt interest

2019-2023, in millions of constant ARS (2023)
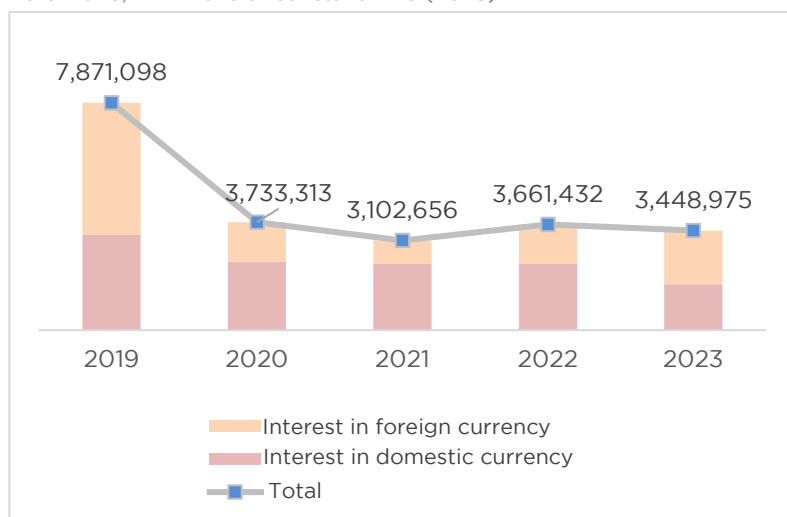
Interest on debt (ARS3,448.975 billion) fell by 5.8% YoY with respect to 2022. The decrease is mainly due to lower interest on debt in pesos (mainly Treasury bills issued at a discount, partially offset by the increase in interest on CER-adjustable bonds), and higher interest on foreign currency debt due to loans from international credit organizations, in a context of rising international interest rates (payments to the IMF amounted to ARS794.116 billion in 2023) and h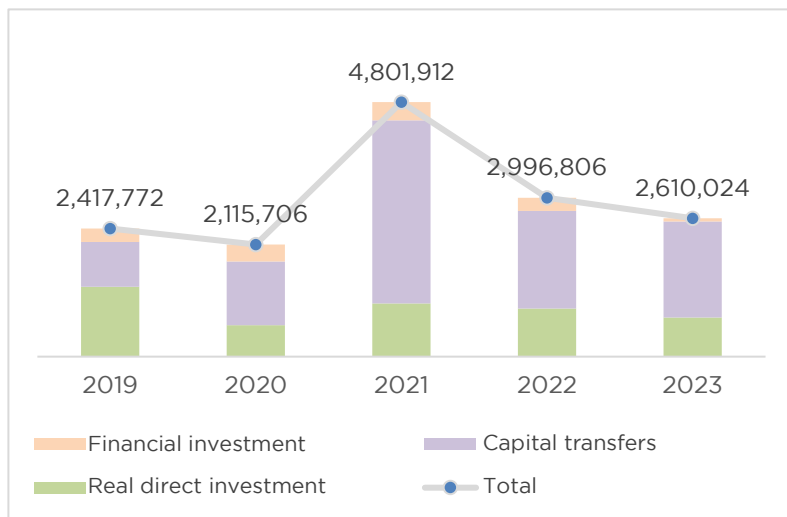igher coupons on step-up bonds issued in the 2020 restructuring process. In relation to 2019, interest in foreign currency fell 59.3% YoY in real terms, and interest in domestic currency fell 51.8% YoY.

SOURCE: OPC, based on E.Sidif data.

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[7] Sec. 5 and 35 of Law 26,215.

Figure 11. Evolution of Capital expenditures

2019-2023, in millions of constant ARS (2023)

In 2023, capital expenditures amounted to ARS2,610.024 billion, which implied a 12.9% real YoY drop with respect to the execution in 2022, supported by the decrease in its three components: real direct investment (18.1% YoY), capital transfers (2.0% YoY) and financial investment (75.8% YoY). A peak in execution was reached in 2021, sustained by capital transfers to state-owned enterprises and trust funds, which was not replicated in 2022 or 2023.

SOURCE: OPC, based on E.Sidif data.

Real direct investment (ARS741.254 million) recorded a real drop of 18.1% YoY, mainly attributed to the 28.2% YoY decrease in projects executed by the National Directorate of Roads (ARS264.870 billion). This behavior was partially offset by increases recorded in the Ministry of Education for the Infrastructure and Equipment (ARS14.802 billion, 126.1% YoY) and Kindergarten Buildings Strengthening (ARS16.888 billion, 7.4% YoY) programs, and in the Ministry of Public Works, for Transportation and Sustainable Mobility Infrastructure (ARS62.723 billion, 12.6% YoY) and Hydraulic Infrastructure Development (ARS22.024 billion, not executed in 2022).

Capital transfers (ARS1,809.423 billion), the most important component within capital expenditures, decreased by a smaller proportion (2.0% YoY), mainly due to transfers to Trust Funds (ARS345.521 billion, -41.8% YoY) and those destined to provinces and municipalities (ARS495.544 billion, -13.9% YoY). This behavior was offset by transfers to state-owned enterprises to finance capital expenditures (ARS832.040 billion, +56.4% YoY).

Table 2. Capital transfers by recipient

In millions of ARS and YoY real var. %.

Recipient	2022	2023	YoY real var. %
State-owned enterprises	**227,862**	**832,040**	**56.4**
Energía Argentina S.A. (ENARSA)	74,573	428,808	146.3
Agua y Saneamientos Argentinos S.A. (AYSA)	96,499	198,058	-12.1
Administración de Infraestructuras Ferroviarias S.E. (ADIF)	26,998	107,393	70.4
Corredores Viales S.A.	1,543	28,363	687.3
Others	28,249	69,418	5.2
Trust Funds	**254,400**	**345,521**	**- 41.8**
Social Housing TF	102,381	158,681	-33.6
Pro.Cre.Ar TF	109,177	102,410	-59.8
Hydraulic Infrastructure TF (FFIH)	28,490	32,941	-50.5
Federal Regional Infrastructure TF	-	16,588	-
Others	14,352	34,901	4.2
Provinces and Municipalities	**246,496**	**495,544**	**- 13.9**

Recipient	2022	2023	YoY real var. %
Province of Buenos Aires	64,539	127,650	-15.3
Province of La Rioja	30,339	52,684	-25.6
Province of Tucuman	13,326	18,125	-41.7
Autonomous City of Buenos Aires	1,963	9,535	108.0
Province of la Pampa	3,239	11,809	56.1
Others	133,089	275,741	-11.3
Others	**61,923**	**136,319**	**- 5.7**
Total	**790,681**	**1,809,423**	**- 2.0**

SOURCE: OPC, based on E.Sidif data.

The company ENARSA was the main recipient of transfers for the financing of capital expenditures. More than half of these transfers were destined to the "Construction of Stage I of the Néstor Kirchner Natural Gas Pipeline which connects the national production system Transport.Ar between the towns of Tratayen and Salliqueló" (ARS326.496 billion). Other works were also financed, such as the "Reversion Project of the North Gas Pipeline - Complementary Works to the President Néstor Kirchner Natural Gas Pipeline (CAF 11985)" (ARS59.246 billion) and the "Construction of Hydroelectric Developments in the Santa Cruz River, Cóndor Cliff - La Barrancosa (CDB No. 201401)" (ARS38.005 billion).

Finally, as for financial investment (ARS59.347 billion), it is important to mention that the observed decrease (75.8%) is related to the budgetary treatment of the funds allocated to the company *Aerolíneas Argentinas*, which in 2022 received ARS72.908 billion. As previously mentioned, between 2018 and until 2022 they were recorded as capital contributions and since 2023, they are recorded as current transfers to aero commercial transportation. Contrary to this dynamic, there was an increase of 7.4% YoY in capital contributions to the Andean Development Corporation (ARS32.661 billion).

National Government Expenditure Execution Level

At the end of fiscal year 2023, total expenditure accrued ARS38,122.48 billion, equivalent to 94.3% of the current appropriation. Current expenditures accrued 95.1%, and capital expenditures accrued 84.9%. Within the former, the execution of some social programs such as *Progresar* student grants (100.0%), Food Policies (99.7%) and *Potenciar Trabajo* (99.7%), which together accounted for more than half of the accrual in social programs, stands out. In addition, transfers to universities (99.8%), non-contributory pensions (99.6%) and pensions (99.2%) exceeded 99.0% of budget execution.

On the other hand, interest on debt (77.9%), goods and services (83.7%) and capital expenditures (84.9%) were those items with the lowest level of execution.

Table 3. Cumulative expenditure execution level
Cumulative to December 2023, in millions of ARS, and execution %

Concept	Initial appropriation	Current appropriation	Accrued	Exec. %
Total expenditure	**28,954,031**	**40,411,433**	**38,122,480**	**94.3**
Current expenditures	**26,622,610**	**37,336,066**	**35,512,456**	**95.1**
Social benefits	14,805,664	19,767,713	19,537,461	98.8
Pensions	10,140,908	13,053,964	12,944,062	99.2
Family allowances	1,506,293	1,570,493	1,549,936	98.7
Universal Child Allowance	684,360	702,360	694,195	98.8
Active and inactive pop., and others	821,933	868,133	855,740	98.6
Non-contributory pensions	970,979	1,420,250	1,414,234	99.6
Transfers to PAMI	329,730	394,730	384,576	97.4
Other programs	1,857,754	3,328,275	3,244,653	97.5
Potenciar Trabajo	584,938	1,017,665	1,015,037	99.7
Food Policies	356,117	731,699	729,238	99.7
Progresar student grants	139,604	291,329	291,327	100.0
Others	777,095	1,287,582	1,209,051	93.9
Economic subsidies	3,227,042	4,244,755	4,069,196	95.9
Energy	2,360,992	2,806,409	2,734,708	97.4
Transportation	582,530	1,008,320	951,987	94.4
Other subsidies	283,520	430,025	382,501	88.9
Personnel expenses	3,040,276	4,387,714	4,284,649	97.7
Goods and services	857,647	1,153,425	965,789	83.7
Transfers to provinces	818,151	1,689,479	1,578,812	93.4
Transfers to universities	805,439	1,359,988	1,357,449	99.8
Other current expenditures	161,963	306,955	270,125	88.0
Interest	2,906,429	4,426,037	3,448,975	77.9
Capital expenditures	2,331,421	3,075,367	2,610,024	84.9
Real direct investment	717,557	894,696	741,254	82.8
Capital transfers	1,544,023	2,106,866	1,809,423	85.9
Financial investment	69,841	73,804	59,347	80.4

(*) 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.
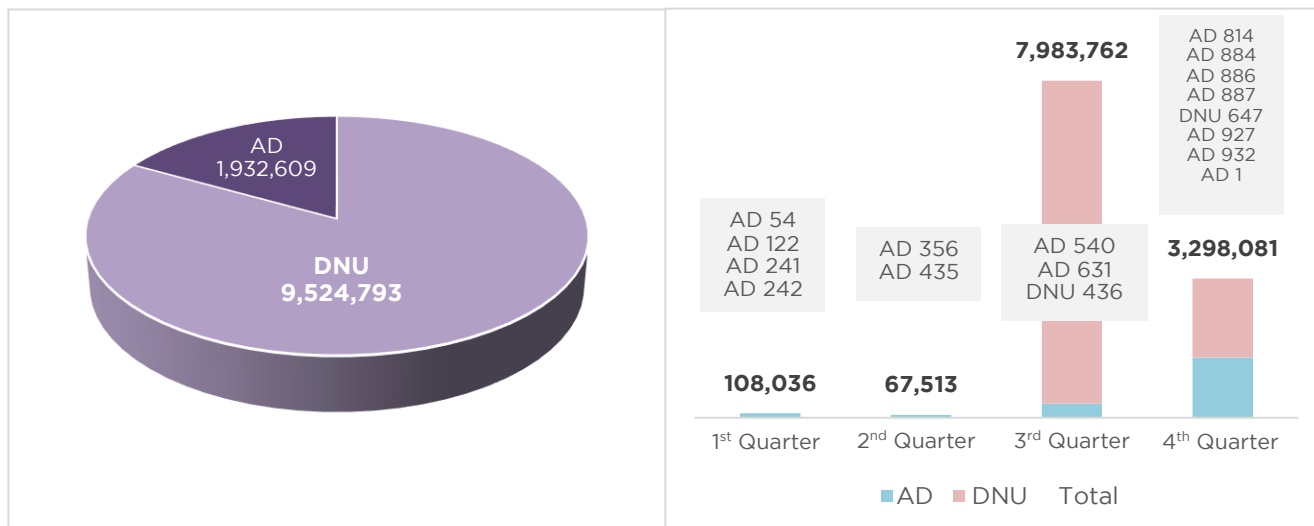SOURCE: OPC, based on E.Sidif data.

Budget amendments

As of December 31, 17 budget amendments were approved through 15 administrative decisions (AD) and 2 necessity and urgency decrees (DNU). Together, these measures increased the total budgeted expenditure by ARS11,457.402 billion and revenues by ARS5,819.396 billion, thus increasing the initially estimated financial result deficit by ARS5,638.005 billion.

Figure 12. Budget amendments by legal instrument and temporal distribution

2023, in millions of ARS

SOURCE: OPC, based on E.Sidif data.

The increase in expenditure (ARS11,457.402 billion) represents 39.6% of the initial appropriation for the fiscal year. Of this total, ARS9,524.793 billion were increased by means of two DNU (83.1%), and the remaining ARS1,932.609 billion (16.9%) were authorized by means of fifteen administrative decisions of the Chief of the Cabinet of Ministers.

Of the total increase, 43.3% was attributed to social benefits, which increased by ARS4,962.049 billion, with pensions (ARS2,913.057 billion) and social programs (ARS1,470.522 billion) standing out. Debt interest contributed 13.3% (ARS1,519.608 million) and personnel expenses 11.8% (ARS1,347.438 billion). Economic subsidies accounted for 8.9% of the increase (ARS793.037 billion) with energy subsidies (ARS445.418 billion) and transportation subsidies (ARS425.790 billion) standing out.

In terms of the increase in relation to the initial appropriation of each item, transfers to provinces doubled their budget (106.5% increase), followed by other current expenditures (89.5%) and social programs (79.2%). Family allowances resulted in the smallest variation in relation to the initial budget (4.3%).

Figure 13. Increase in the initial appropriation of Budget's main items

Cumulative as of December 2023, as % of increase in final appropriation over initial appropriation
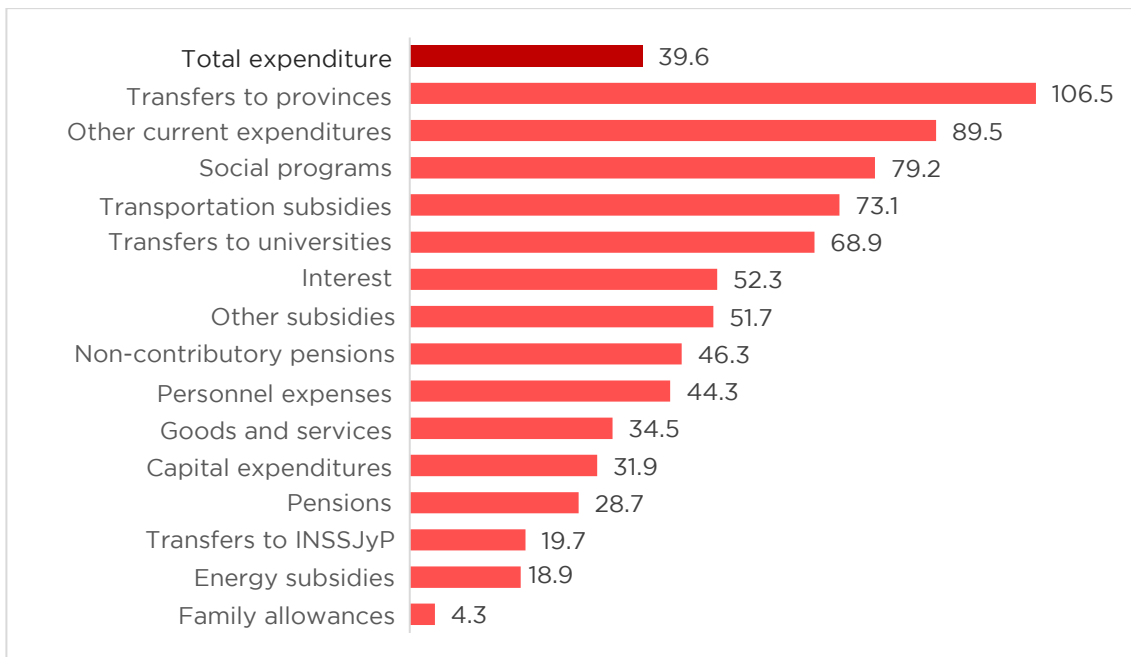
SOURCE: OPC, based on E.Sidif data.

Table 4 shows the amendments to the total approved amount of the budget, 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. As can be seen, and in accordance with the provisions of the law, the limits established therein were not exceeded.

Table 4. Section 37 Law 24,156. Expenditure purposes.

2023, in millions of ARS, and as a %

Purpose	Amount approved	Section 37 amendments	Sec. 37%
Government Administration	1,628,433	78,485	4.82%
Defense and Security	1,255,059	- 169,360	-13.49%
Social Services	18,651,629	621,954	3,33%
Economic Services	4,504,400	465,537	10,34%
Public Debt	2,914,510	14,800	0,51%
Total expenditures	28,954,031	1,011,416	3,49%

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

Table 5. Section 37 Law 24,156. Economic nature of expenditure

2023, in millions of ARS, and as a %

Economic nature	Amount approved	Section 37 amendments	Sec. 37%
Current expenditures	26,622,610	688,504	2.59%
Capital expenditures	2,331,421	322,912	13.85%
Total expenditures	28,954,031	1,011,416	3.49%

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

Expenditure execution by purposes and functions

In terms of budget execution by purpose, Social Services stand out, both for the level of execution reached at the end of the fiscal year (97.6%) and for their share in the structure of total expenditure (65.2% of total expenditure). The most important function within this purpose, Social Security, which includes expenditures related to pensions, family allowances and other social security benefits, exceeded 99% of budget execution and accounted for 44.1% of total expenditures.

On the other hand, debt services, which include interest payments, was the purpose with the lowest level of execution (77.8%) and accounted for 9.2% of the total.

Table 6. Execution level by purpose and function
2023, in millions of ARS, and as a %

Concept	Appropriation Initial	Appropriation Current	Accrued	Exec. %	% of total
Government Administration	1,628,433	2,533,391	2,344,232	92.5	6.1
Fiscal administration	13,318	26,186	23,390	89.3	0.1
Public management control	18,332	29,874	29,516	98.8	0.1
Senior Executive Management	108,719	225,460	179,606	79.7	0.5
Information and Basic Statistics	11,197	16,577	15,105	91.1	0.0
Judicial	647,792	779,310	755,450	96.9	2.0
Legislative	99,595	167,872	166,556	99.2	0.4
Foreign Affairs	166,709	253,624	227,090	89.5	0.6
Internal Affairs	562,771	1,034,487	947,519	91.6	2.5
Defense and Security	1,255,059	1,787,721	1,710,852	95.7	4.5
Defense	541,630	650,242	636,076	97.8	1.7
Intelligence	37,629	66,481	64,454	97.0	0.2
Homeland Security	585,206	918,985	862,900	93.9	2.3
Penitentiary system	90,594	152,014	147,423	97.0	0.4
Social Services	18,651,629	25,476,739	24,863,347	97.6	65.2
Potable water and Sewerage	377,597	475,506	423,060	89.0	1.1
Science, Technology, and Innovation	500,921	594,712	577,387	97.1	1.5
Education and Culture	1,754,022	2,846,909	2,762,499	97.0	7.2
Social promotion and assistance	1,368,576	2,569,894	2,477,164	96.4	6.5
Health	1,188,292	1,460,437	1,364,945	93.5	3.6
Social Security	12,945,535	16,964,541	16,805,519	99.1	44.1
Labor	81,500	123,897	117,657	95.0	0.3
Housing and Urban planning	435,185	440,842	335,116	76.0	0.9
Economic Services	4,504,400	6,120,860	5,706,682	93.2	15.0
Agriculture, Livestock and Fisheries	105,978	221,208	194,782	88.1	0.5
Trade, Tourism and Other Services	68,747	101,675	81,283	79.9	0.2
Communications	86,160	193,105	188,321	97.5	0.5
Ecology and Sustainable Development	93,935	126,587	119,194	94.2	0.3
Energy, Fuels and Mining	2,806,072	3,425,057	3,264,205	95.3	8.6
Manufacturing	170,317	173,003	121,026	70.0	0.3
Insurance and Finance	12,729	41,513	41,229	99.3	0.1
Transportation	1,160,461	1,838,711	1,696,641	92.3	4.5
Public Debt	2,914,510	4,492,722	3,497,368	77.8	9.2
Public Debt	2,914,510	4,492,722	3,497,368	77.8	9.2
Total	28,954,031	40,411,433	**38,122,480**	**94.3**	**100.0**

SOURCE: OPC, based on E.Sidif data.

Physical-Financial Execution of Programs

Table 7 presents physical-financial data on 15 programs selected based on their budgetary significance - which accounted for 51.7% of the total cumulative expenditure in the period analyzed - and which have monthly physical monitoring. The financial data used refers to fiscal year 2023. The physical execution, which in each case relates to the most representative goal of the program, considers the cumulative execution as of the last available month (November).

Table 7. Main programs of the National Government Budget
Cumulative as of December 2023, in millions of ARS, % of execution and physical units

Agency	Program	Financial execution		Physical execution		
		Accrued 2023	Exec. %	Physical indicator	Execution 2023	Exec. %
ANSES	Social Security benefits	9,951,107	99.3	Beneficiaries	6,794,939	99.4
Secretariat of Energy	Formulation and Execution of the Electric Energy Policy	1,770,727	99.7	Coverage % of Wholesale Electricity Cost by means of the price paid by users	56.5	99.3
ANSES	Family allowances	1,549,936	98.7	AUH and AUE Beneficiaries	4,280,190	99.6
Ministry of Education	Higher Education Development	1,380,749	99.7	Graduate (*)	1,747,980	-
National Disability Agency	Non-Contributory Pensions for Occupational Disability	1,126,975	99.5	Beneficiaries	1,188,935	100.7
Ministry of Social Development	National Program for Socio-Productive Inclusion and Local Development - *Potenciar Trabajo*	1,021,601	99.6	Holder	1,277,642	94.6
Ministry of Social Development	Food Policies	839,520	95.9	Food allowance granted through a card	2,351,642	96.7
Federal Police Retirement and Pension Fund	Administration of Security Forces Benefits	410,603	98.2	Beneficiaries	59,433	100.7
ANSES	Former provincial pension funds	347,395	96.6	Beneficiaries	105,847	100.5
ANSES	Non-contributory pensions (DNU 746/2017)	291,297	99.9	Pensions granted to mothers of 7 or more children	266,378	98.5
Secretariat of Energy	Formulation and Execution of Hydrocarbons Policy	247,683	84.3	Cubic meter of subsidized natural gas	6,413,431,110	60.2
ANSES	Universal Pension for Older Adults	203,745	99.2	Beneficiaries	276,387	100.4
Ministry of Territorial Development and Habitat	Integral Production and Access to Habitat	176,558	92.0	Housing under construction	41,082	114.5
National Disability Agency	Health Care for Beneficiaries of Non-Contributory Pensions	195,952	93.1	Beneficiary and family members with health coverage	984,254	80.6
CONICET	Human Resources Training	179,941	99.8	Training of grant holders	11,551	99.6

(*) The agency reports execution with the closing of the fiscal year. The annual programming of graduates was 98,412.

SOURCE: OPC, based on E.Sidif data.

Annex

Table 8. Evolution of main expenditure items
2019-2023, as % of GDP

Concept	2019	2020	2021	2022	2023
Current expenditures	**20.8**	**24.4**	**20.6**	**19.7**	**18.8**
Social benefits	**10.9**	**14.5**	**11.4**	**11.0**	**10.3**
Pensions	7.9	8.8	7.4	7.2	6.8
Family allowances	1.2	1.4	1.2	1.2	0.8
Non-contributory pensions	0.8	0.9	0.8	0.7	0.7
INSSJP benefits	0.3	0.3	0.2	0.2	0.2
Other programs	0.6	3.1	1.8	1.8	1.7
Economic subsidies	**1.5**	**2.7**	**3.0**	**2.6**	**2.2**
Energy	1.1	1.6	2.1	1.9	1.4
Transportation	0.4	0.5	0.5	0.5	0.5
Other subsidies	0.1	0.6	0.4	0.2	0.2
Personnel expenses	**2.1**	**2.1**	**2.0**	**2.1**	**2.3**
Goods and services	**0.6**	**0.6**	**0.8**	**0.6**	**0.5**
Transfers to provinces	**0.6**	**1.3**	**0.9**	**0.8**	**0.8**
Transfers to universities	**0.7**	**0.8**	**0.7**	**0.7**	**0.7**
Other current expenditures	**0.2**	**0.1**	**0.3**	**0.1**	**0.1**
Interest	**4.3**	**2.3**	**1.7**	**1.9**	**1.8**
Capital expenditures	**1.3**	**1.3**	**2.6**	**1.6**	**1.4**
Real direct investment	0.7	0.4	0.5	0.5	0.4
Capital transfers	0.5	0.7	1.9	1.0	1.0
Financial investment	0.1	0.2	0.2	0.1	0.0
Total expenditures	**22.1**	**25.7**	**23.2**	**21.3**	**20.2**
Primary expenditures	**17.8**	**23.4**	**21.6**	**19.4**	**18.3**

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 the report come from the Integrated Financial Information System of the Ministry of Treasury, with a cut-off date of January 5, 2024.
- 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.

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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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