



ANALYSIS OF NATIONAL GOVERNMENT BUDGET EXECUTION

March 2024

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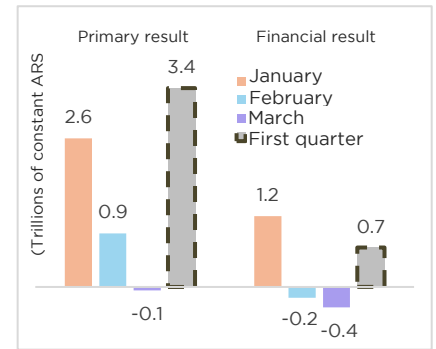
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EXECUTIVE SUMMARY

At the end of the first quarter of 2024, the National Government obtained a positive financial result of ARS\$0.7 trillion in contrast to a deficit of ARS1.4 trillion obtained in the same period of 2023. Updated by the Consumer Price Index, the latter result is equivalent to ARS5.4 trillion at the end of March 2024. The month of March recorded a negative result of ARS0.4 trillion.

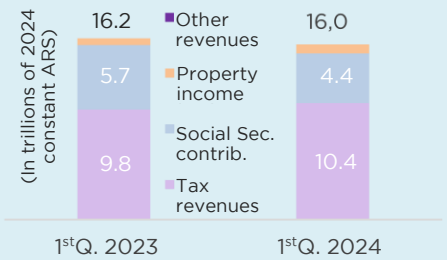
The primary surplus, which does not include debt interest payments, amounted to ARS3.4 trillion as opposed to the primary deficit of ARS0.8 trillion a year earlier. Adjusted for inflation, the primary result for the first quarter of 2023 is equivalent to ARS2.9 trillion. The month of March recorded a negative result of ARS0.06 trillion.



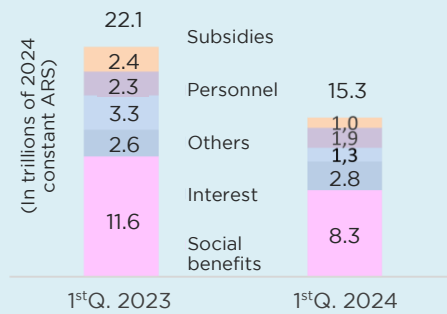
BUDGET EXECUTION

COMPARISON WITH PREVIOUS YEARS

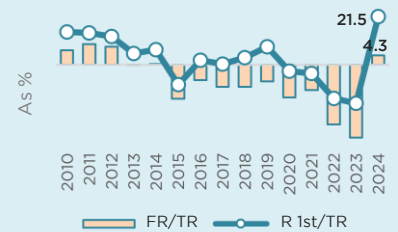
Revenues: totaled ARS16.0 trillion, down 4.1% year-on-year (YoY) in real terms. The reduction was the result of a 23.0% YoY decline in Social Security revenues. On the other hand, tax revenues expanded 6.0% YoY, mainly driven by the PAIS Tax (433.8% YoY) and Export Duties (66.9% YoY), which offset the decreases in Income Tax (-39.5% YoY), Check Tax (6.4% YoY) and VAT (-2.7% YoY).



Expenditures: totaled ARS15.3 trillion, with a real decrease of 30.7% YoY. The most significant decreases were observed in capital expenditures (-83.3% YoY), transfers to provinces (-85.1% YoY) and energy subsidies (-66.7% YoY). On the contrary, debt interest grew 7.3% YoY and other current expenses increased by 10.8% YoY. Within social benefits (-28.1% YoY), pensions fell by 31.4% YoY, being the item with the highest impact (11.0%) in the fall of total expenditures. Primary expenditures amounted to ARS12.6 trillion decreasing 35.7% YoY.



Primary and financial results in relation to total revenues: the cumulative primary result as of March reached 21.5% of National Government's total revenues, being the highest value in the series that began in 2010; and the financial result was 4.3% of total revenues, being the fourth highest value in the series.



COMPARISON WITH CURRENT APPROPRIATION

Execution level: total accrued expenditure (ARS15.3 trillion) represents 28.0% of current appropriations as of the first quarter. Other current expenditures (44.0%), interest on debt (38.7%) and transfers to universities (36.0%) stand out for their advanced level of execution. In contrast, transfers to provinces (6.0%) and capital expenditures (7.0%) are the items with the lowest execution.



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National Government Revenue

Tax revenue grew 237.0% YoY in nominal terms in the first quarter of the year, which implied a real contraction of 9.6% YoY. In general, resources linked to the exchange rate showed a significant growth during this period, as a result of the year-on-year increase of this variable. In this sense, the increase in revenues from the PAIS Tax (304.1% YoY in real terms, also driven by the increase in the taxable base as from Executive Order 377/23), Export Duties (109.9% YoY in real terms) and Import Duties and Statistics Rate (6.6% YoY in real terms) stand out.

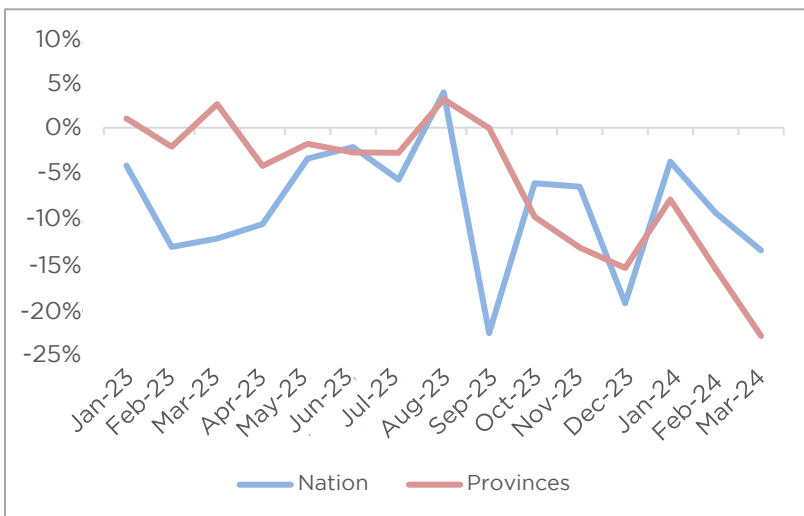
Likewise, in the first quarter, there was a real growth in VAT and Income tax receipts, as a result of the exchange rate increase and the suspension of the application of non-withholding certificates for certain taxpayers as from April of last year. On an aggregate basis, taxes directly related to the exchange rate had a real increase of 61.4% YoY in the first quarter of the year. It should be noted that in March this dynamic was decelerated by the real contraction of VAT and Import Duties and by the low growth of customs income tax receipts, which was partly attributable to the lower number of working days in that month.

On the other hand, during the same period, there was a decrease in the collection of taxes such as Income Tax (-38.8% YoY, as a result of lower withholdings to employees, the liquefaction of payments related to previous fiscal years and the lower level of activity), VAT (-1.0% YoY, due to the lower level of activity), Debits and Credits (-10.8% YoY, due to the lower level of activity and number of working days) and Social Security (-23.3% YoY, due to the decline in salaries in real terms). As a result, resources not directly linked to the exchange rate fell by 25.8% YoY in the first quarter of the year.

This uneven tax dynamics also implied a divergent behavior of the resources distributed to the Nation, the provinces and the Social Security System. The theoretical distribution to the National Government grew in the quarter by 0.6% YoY in real terms, driven by resources not shared with the provinces or earmarked, such as Export Duties, Import Duties, Statistics Rate and PAIS Tax.

Figure 1. Evolution of Tax Resources. Theoretical distribution Nation-Provinces

January 2023-March 2024 and as YoY real var. %



In the opposite direction, the relative performance of the main shared taxes (mainly VAT and Income Tax) led to a reduction of 15.6% YoY in real terms in the theoretical distribution to the provinces. The theoretical distribution to the Social Security System fell 23.4% YoY in the first quarter of the year, mainly due to the performance of Social Security Contributions.

SOURCE: OPC based on data from the Secretariat of Treasury, INDEC and Central Bank of Argentina (BCRA).

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

Table 1. Revenues, expenditures, and results

In millions of ARS and as YoY real var. %

| Concept | March 2024 | | Cumulative (3 months) | |
|--|--------------------|-----------------|-----------------------|-----------------|
| | In millions of ARS | YoY real var. % | In millions of ARS | YoY real var. % |
| I. Current revenues | 5,306,516 | -12.8 | 16,000,263 | -3.6 |
| Tax revenues | 3,384,425 | -11.0 | 10,389,007 | 6.0 |
| Social Security contributions | 1,543,827 | -20.9 | 4,429,732 | -23.0 |
| Non-tax revenues | 118,613 | -9.7 | 332,535 | -10.3 |
| Goods and services | 9,223 | -27.1 | 25,210 | -24.5 |
| Property income (*) | 246,165 | 37.1 | 796,736 | 27.4 |
| Current transfers | 4,264 | -39.5 | 27,044 | 137.4 |
| II. Current expenditures | 5,542,967 | -37.8 | 15,119,460 | -27.4 |
| Social benefits | 3,570,729 | -27.7 | 8,324,811 | -28.1 |
| Pensions | 2,079,599 | -30.3 | 5,315,905 | -31.4 |
| Family allowances | 676,462 | 14.2 | 1,190,267 | 0.3 |
| Universal Child Allowance | 359,703 | 35.1 | 668,794 | 15.5 |
| Active pop., inactive pop., and others | 316,759 | -2.9 | 521,473 | -14.2 |
| Non-contributory pensions | 306,093 | -42.5 | 618,249 | -24.8 |
| INSSJP benefits | 54,351 | -39.4 | 143,185 | -39.2 |
| Other social programs | 454,223 | -38.9 | 1,057,205 | -33.2 |
| <i>Potenciar Trabajo</i> | 223,480 | -30.3 | 338,035 | -49.9 |
| Food policies | 132,142 | -17.2 | 397,145 | -8.1 |
| <i>Progresar</i> student grants | 27,955 | -62.1 | 81,805 | -45.7 |
| Others | 70,647 | -62.7 | 240,220 | -26.3 |
| Subsidies | 449,710 | -63.1 | 1,007,025 | -57.9 |
| Energy | 239,904 | -74.0 | 559,889 | -66.7 |
| Transportation | 176,200 | -6.6 | 382,068 | -31.1 |
| Other subsidies | 33,606 | -68.2 | 65,068 | -57.6 |
| Personnel expenses | 709,985 | -25.2 | 1,903,347 | -16.8 |
| Goods and services | 138,062 | -45.4 | 263,309 | -43.9 |
| Transfers to provinces | 18,473 | -94.2 | 79,369 | -85.1 |
| Transfers to universities | 193,574 | -40.8 | 497,636 | -33.2 |
| Other current expenditures | 167,624 | -4.2 | 287,425 | 10.8 |
| Interest (**) | 294,810 | -60.1 | 2,756,539 | 7.3 |
| III. Economic result (I-II) | -236,451 | -91.7 | 880,803 | -120.8 |
| IV. Capital revenues | 4,629 | -95 | 19,598 | -81.2 |
| V. Capital expenditures | 123,201 | -84.0 | 216,622 | -83.3 |
| Real direct investment | 45,299 | -85.3 | 73,961 | -83.4 |
| Capital transfers | 77,585 | -83.2 | 142,344 | -82.6 |
| Financial investment | 316 | -57.7 | 316 | -99.0 |
| VI. Total revenues (I+IV) | 5,311,145 | -14.0 | 16,019,862 | -4.1 |
| VII. Total expenditures (II+V) | 5,666,168 | -41.5 | 15,336,082 | -30.7 |
| VIII. Primary expenditures | 5,371,358 | -40.0 | 12,579,543 | -35.7 |
| IX. Primary result (VI-VIII) | -60,213 | -97.8 | 3,440,319 | -220.5 |
| X. Financial result (VI-VII) | -355,023 | -89.9 | 683,780 | -112.6 |

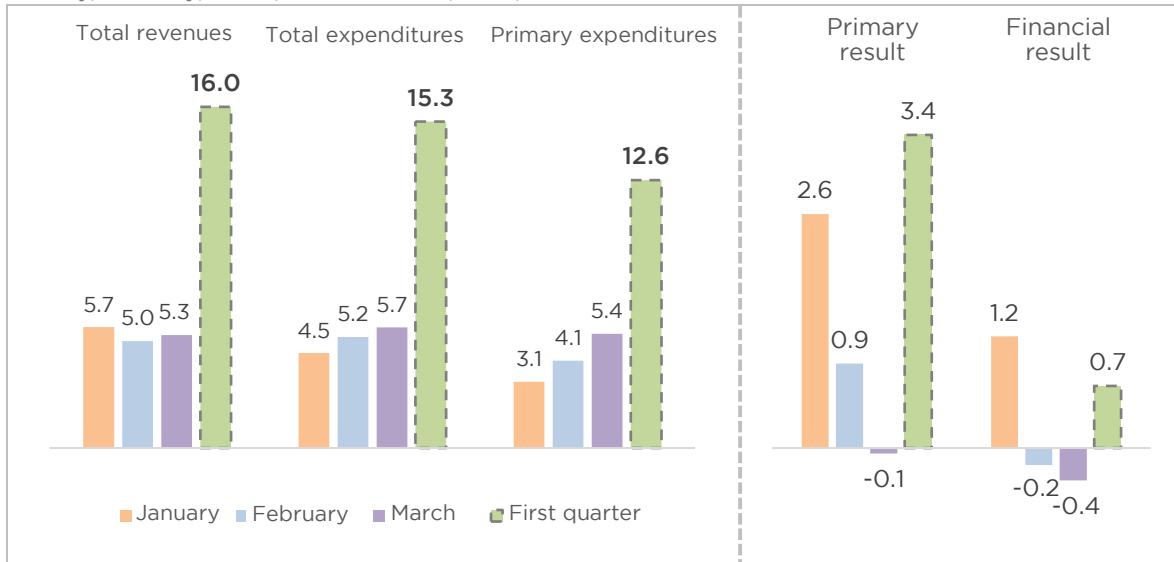
(*) Includes property income generated by assets of the National Government held by the Sustainability Guarantee Fund (FGS).

(**) Includes interest paid intra Public Sector, as recorded in the E.Sidif.

SOURCE: OPC, based on E.Sidif data.

Figure 2. Revenues, expenditures, and results

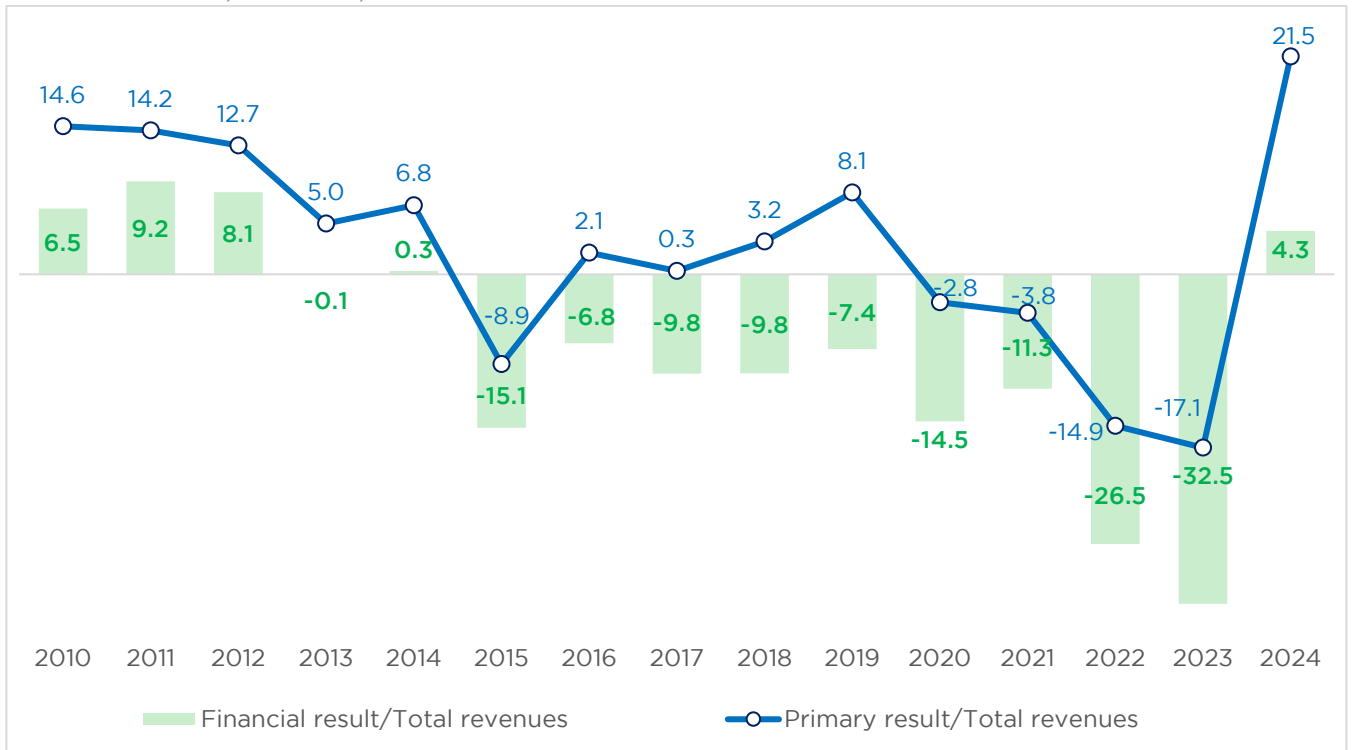
January, February, March, and cumulative, 2024, in trillions of ARS



SOURCE: OPC, based on E.Sidif data.

Figure 3. Primary and financial results in relation to total revenues

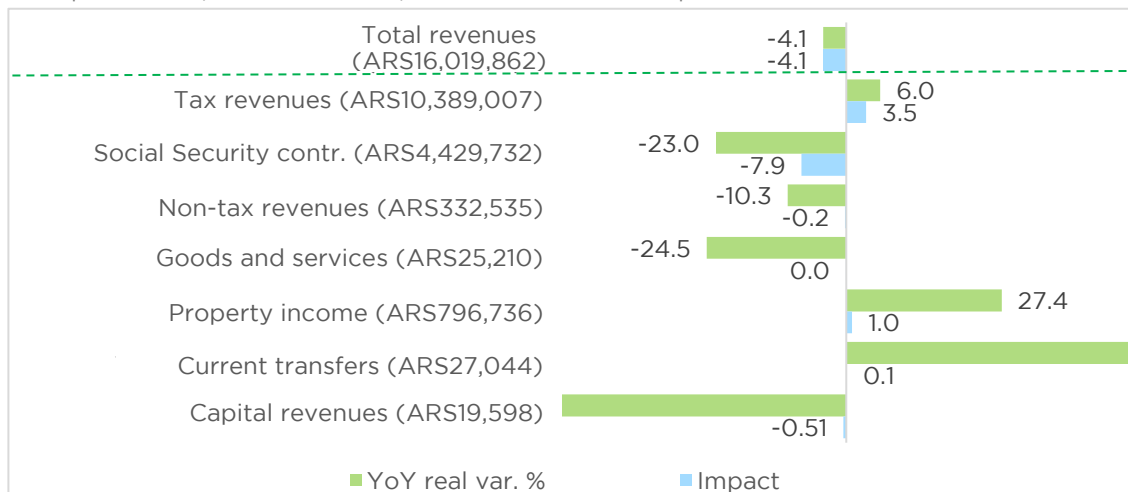
Cumulative to March, 2010- 2024, as a %



SOURCE: OPC, based on E.Sidif data.

Figure 4. Total revenues

First quarter 2024, in millions of ARS, YoY real var. % and % impact on total revenues



SOURCE: OPC, based on E.Sidif data.

Table 2. Total revenues

First Quarter 2024, in millions of ARS, as YoY real var. % and impact %

| Concept (millions of ARS) | Impact % | Main YoY variations |
|---|----------|---|
| Tax revenues ¹ ARS10,389,007 6.0 YoY real ² | 3.5 | PAIS Tax, ARS1,413,994 million (433.8% YoY real), Export Duties, ARS1,131,240 million (66.9% YoY real), both of which were positively impacted by the increase in the exchange rate. La recaudación del Impuesto PAIS también fue favorecida por la ampliación de la base del impuesto (Executive Order 377/23). Income Tax, ARS1,107,884 million (-39.5% YoY real), due to lower withholdings from workers in an employment relationship, the lower level of activity and the liquefaction of advance payments and tax return from previous years. VAT, ARS3,600,848 million (-2.7% YoY real), as a result of the lower level of activity. In these two taxes, the drop was attenuated by the increase in the exchange rate and in customs duties. Wealth Tax, ARS47,523 million (-69.0% YoY real), due to lower receipts for consumption in foreign currency and to the liquefaction of payments related to previous fiscal years. Tax on fuels, ARS51,293 million (-55.2% YoY real), as a result of not updating the tax. |
| Social Security ARS4,429,732 -23.0 YoY real | -7.9 | Employer contributions, ARS2,849,222 million (-20.9% YoY real) and Personal contributions, ARS1,570,985 million (-25.2% YoY real), due to the reduction in real wages. |
| Non-contributory pensions ARS332,535 -10.3 YoY real | -0.2 | Fees collected by agencies ARS60,328 million (-22.8% YoY real) ³ . Registry of Motor Vehicles, ARS41,376 million, (-20.5% YoY real). National Justice Fund ARS87,228 million 55.3% YoY real). Appropriations and Refunds, ARS24,714 million (49.1% YoY real), Fees for immigration control services, ARS19,701 million (30.5% YoY real). |
| Property Income ARS796,736 27,4 YoY real | 1.0 | FGS ANSES revenues, ARS489,736 million (-5.4% YoY real). Interest on deposits in domestic currency, ARS293,100 million (451.6% YoY real). |

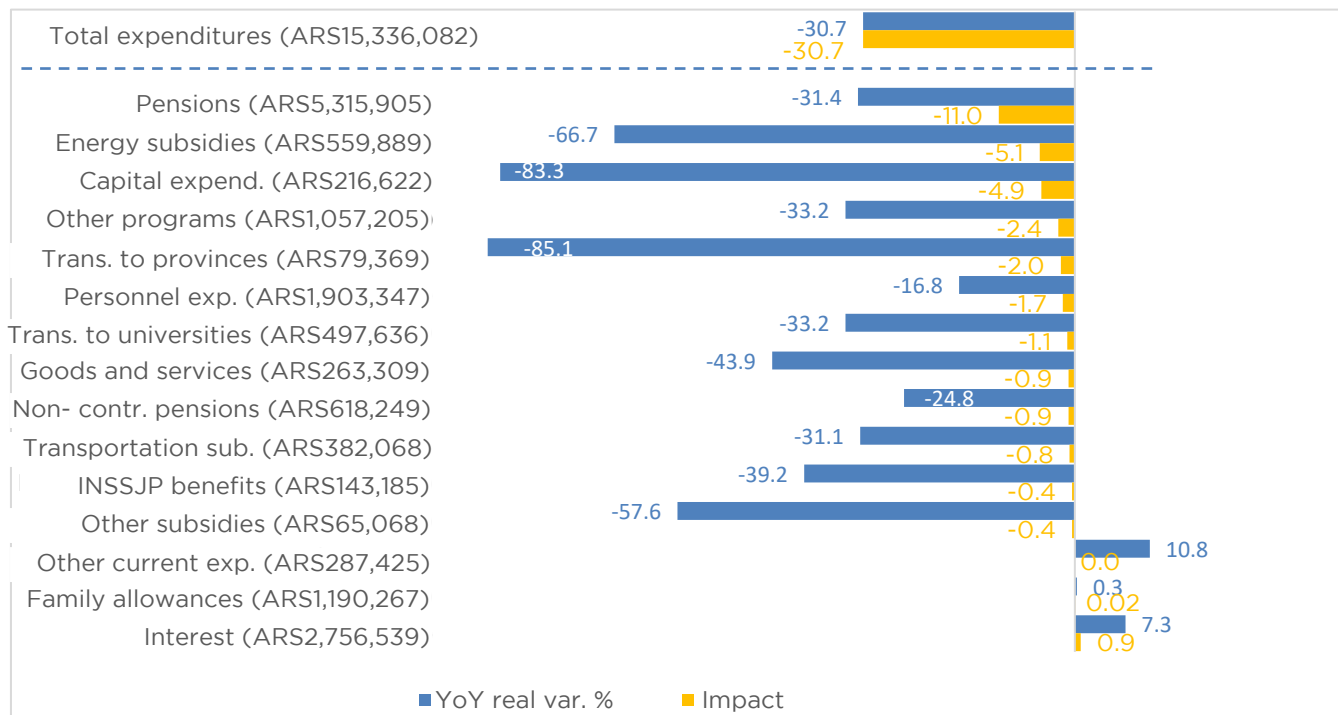
¹ For further details see OPC's tax revenue monitor at: <https://www.opc.gob.ar/monitores-fiscales/monitor-de-recaudacion-tributaria-nacional/>. The figures shown in this report may differ from those shown in the monitor due to the different scenarios analyzed and the time of recording in the different Public Sector systems.

² It should be noted that in the month of March, tax revenues showed a contraction of 11.0% YoY in real terms.

³ Of note are those received by the Superintendency of Insurance of the Nation (ARS8,297 million, -25.9% YoY real), ENARGAS (ARS7,195 million, -26.7% YoY real), the National Road Safety Agency (ARS6,969 million, -24.9% YoY real), the Superintendency of Labor Risks (ARS5,986 million, -25.2% YoY real) and ENACOM (ARS4,069 million, -26.9% YoY real).

Figure 5. Total expenditures

First quarter 2024, in millions of ARS, as YoY real var. % and % impact on total expenditures



SOURCE: OPC, based on E.Sidif data.

At the end of the first quarter of 2024, total National Government expenditures recorded a cumulative fall of 30.7% YoY in real terms: primary expenditures recorded an even more pronounced drop of 35.7% YoY, whereas interest on debt showed an increase of 7.3% YoY in real terms. Pensions (-31.4% YoY real), energy subsidies (-66.7% YoY real) and capital expenditures (-83.3% YoY real) were the items that had the greatest impact on the reduction of expenditures, accounting for 11.0 percentage points (p.p.), 5.1 p.p. and 4.9 p.p., respectively, of the total fall.

As has been mentioned in these reports, the drop in pension expenditures is a consequence of the decoupling between the inflationary dynamics and the adjustment formula, as well as the updating frequency (quarterly)⁴, partially offset by the application of bonuses to lower-income pensioners⁵. Thus, the minimum pensions updated only by the mobility formula (not covered by the bonuses) showed a real reduction of 42.0% YoY in the first quarter of 2024, and the loss of minimum pension benefits including bonuses was 27.8% YoY.

As for energy subsidies, although in February there was a tariff increase that raised the average tariff cost coverage to 59.6% (20.9% in January), it should be noted that there are still unpaid debts within the Wholesale Electricity Market (MEM, by its initials in Spanish) which are not being covered by the Treasury, which has so far transferred ARS250 billion (-70.3% YoY real).

Capital expenditures reflected an important retraction (-83.3% YoY real) both in capital transfers, mainly destined to state-owned companies (-88.9% YoY real) and to provinces and municipalities (-

⁴ The average benefit for the first quarter of 2024 had a nominal update of 117.6% YoY, and average inflation for the quarter was 275.4% YoY.

⁵ In January and February of the current year, bonuses of up to ARS55,000 were granted to pensioners receiving up to a minimum benefit (Executive Orders 116/23 and 81/24), to which another one of ARS70,000 was added in March (Executive Order 177/24). In January and February 2023, bonuses of up to ARS10,000 were granted to pensioners receiving up to two minimum benefits (Executive Order 788/22), to which another bonus of up to ARS15,000 was added in March (Executive Order 105/23).

96.7% YoY real), and in real direct investment, mainly for road projects (-85.3% YoY real) and for equipment in the educational sector (-99.2% YoY real).

Transfers to the provinces fell by 85.1% YoY, although they include accrued expenditures of the FONID (National Teacher Incentive Fund) for ARS46.611 billion, of which only ARS12 million were disbursed in January. Given that the continuity of this Fund was not decided, if the expenditures for this concept are excluded from the total accrued expenditures in the transfers to provinces item, the cumulative execution in the quarter totaled ARS32.758 billion and the year-on-year retraction rose to 89.5% YoY in real terms.

Finally, although salary increases were agreed upon during the period analyzed, the personnel expenses item recorded a drop in real terms of 16.8% YoY.

Table 3. Total expenditures

First quarter 2024, in millions of ARS, as YoY real var. % and impact %. In order of impact.

| Concept (millions of ARS) | Impact % | Main YoY variations |
|--|----------|--|
| Pensions ARS5,315,905 -31.4% YoY real | -11.0 | As a result of the decoupling between the adjustment formula and inflation, partially offset by the application of compensatory bonuses granted to lower-income pensioners. Expenditure executed by ANSES totaled ARS4,719,229 million (-33.0% YoY real), of which ARS4,065,445 million related to regular pension benefits (-37.6% YoY real) and ARS653,784 million (22.8% YoY real) to supplements to lower-income pensioners (bonuses). Benefits for retired personnel of the Armed and Security Forces, ARS595,340 million (-15.5% YoY real). |
| Energy subsidies ARS559,889 -66.7% YoY real | -5.1 | Transfers to the Wholesale Electricity Market Administration Company (CAMMESA), ARS250,000 million (-70.3% YoY real), to cover the gap between costs and tariffs of electricity generation. Transfers to ENARSA, ARS291,222 million (-60.2% YoY), mainly to cover the purchase of imported natural gas. Financial assistance under the Gas IV Gas.AR Plan (Urgency and Necessity Decree - DNU 892/2020), ARS10,401 million (-82.6% YoY real). |
| Capital expenditures ARS216,622 -83.3% YoY real | -4.9 | Real Direct Investment , ARS73,961 million (-83.4% YoY real): due to lower expenditures in works under the National Directorate of Roads (ARS25,270 million, -85.3% YoY real), as well as the non-execution of expenditures (purchase of computers) under the <i>Conectar Igualdad</i> program (ARS11,977 million in the first quarter 2023) and of investments in Hydraulic Infrastructure (ARS10,301 million in the first quarter 2023) and in Infrastructure for Transportation and Sustainable Mobility (ARS6,630 million in 1st. quarter 2023). In addition, the Execution of Plans, Programs and Projects for Transportation Improvement program accrued ARS106 million compared to ARS12,017 million in the first quarter of 2023. Capital transfers , ARS142,344 million (-82.6% YoY real): mainly due to the lower execution of financial assistance to: 1) state-owned enterprises, ARS34,682 million (-88.9% YoY real); 2) trust funds, ARS96,287 million (-39.2% YoY real) and 3) provinces and municipalities, ARS9,239 million (-96.7% YoY real). The first one includes the decreases in the transfers to AYSA, ARS810 million (-99.1% YoY real) and to ENARSA, ARS33,000 million (-76.1% YoY real). For the second one, transfers to the Social Housing Trust Fund fell, ARS34,167 million (-68.7% YoY real), whereas those made to the <i>Procrear</i> Trust Fund increased, ARS61,692 million (ARS182.9% YoY real). |
| Other social programs ARS1,057,205 -33.2% YoY real | -2.4 | <i>Potenciar Trabajo</i> , ARS338,035 million (-49.9% YoY real), as a result of the loss of purchasing power of benefits and the lower number of beneficiaries ⁶ . <i>Progresar</i> student grants, ARS81,805 million (-45.7% YoY real); Medical Care for beneficiaries of non-contributory pensions, ARS62,491 million (-48.6% YoY real) and <i>Acompañar</i> program, ARS12,457 million (-79.4% YoY real). Food Policies, ARS397,145 million (-8.1% YoY real), among whose initiatives the <i>Alimentar</i> Benefit (ARS396,790 million, -3.8% YoY real) stands out. Although the value of food cards doubled in January, the value of benefits shows an average loss of purchasing power of 3.8% YoY in real terms in the first quarter ⁷ . |

⁶ The value of the social plan increased by 130.9% YoY in nominal terms in the first quarter, compared to the CPI variation of 275.4% YoY, which results in a loss of purchasing power of 38.5% in the value of social plans (up to December 2023, tied to the minimum wage). Additionally, in the first quarter of the current year there was an average of 7.0% fewer plan holders compared to the same period of 2023 (91 thousand fewer plan holders).

⁷ During the first quarter of 2023 the value of food cards was ARS12,500 for families with one child, AR19,000 for families with 2 children and ARS25,000 for families with 3 or more children, compared to ARS44,000, AR69,000 and AR91,000 for the same period of 2024, respectively.

| Concept (millions of ARS) | Impact % | Main YoY variations |
|--|----------|--|
| | | VAT refund to vulnerable sectors, ARS102,866 million (no execution in the same period of 2023). |
| Transfers to provinces ARS79,369 -85.1% YoY real | -2.0 | Transfers to the National Teacher Incentive Fund (FONID) were accrued for ARS46,611 million (-78.9% YoY) ⁸ . Educational Management and Socio-educational Policies, ARS13,235 million (-67.8% YoY) under the program for the universalization of the full or extended school day in primary education. Contributions from the National Treasury (ATN), ARS7,300 million (-60.1% YoY) to the provinces of Tucumán (ARS2,000 million), Jujuy (ARS1,500 million), Chubut (ARS1,500 million), Entre Ríos (ARS1,300 million) and Corrientes (ARS1,000 million). In addition, no transfers were made to the Provincial Pension Funds (ARS26,195 million as of March 2023) or to the Fiscal Strengthening Fund of the Province of Buenos Aires (ARS20,594 million as of March 2023) ⁹ . |
| Personnel expenses ARS1,903,347 -16.8% YoY real | -1.7 | Executive Branch, ARS1,497,482 million (-16.1% YoY real), Judicial Branch, ARS228,491 million (-18.6% YoY real), Legislative Branch, ARS84,955 million (-22.8% YoY real) and Public Prosecutor's Office, ARS92,419 million (-16.6% YoY real). The salary guidelines agreed upon during the period analyzed were below inflation ¹⁰ . |
| Transfers to universities ARS497,636 -33.2% YoY real | -1.1 | Funds for the payment of salaries and operating expenses of universities, below inflation. |
| Goods and services ARS263,309 -43.9% YoY real | -0.9 | Expenditures on goods and services for management and administration activities of the National Administration agencies, ARS47,768 million (-39.5% YoY real). Expenditures for services for CONICET research grants, ARS22,626 million (-9.1% YoY real). Food purchases for community kitchens and picnic areas under the Food Policies program, ARS17,340 million (-53.6% YoY real). |
| Non-contributory pensions ARS618,249 -24.8% YoY real | -0.9 | As a result of the updating of the value of benefits (adjustment formula) below inflation, partially offset by the granting of bonuses ¹¹ . It should be noted that all NCP holders receive bonuses, which is the reason why the impact is greater than in the retirement and pensions item (since in the former case only the lowest salaries are received). |
| Transportation subsidies ARS382,068 -31.1% YoY real | -0.8 | Transfers to <i>Operador Ferroviario S.E.</i> , ARS129,302 million (-42.7% YoY real), to cover the difference between the operating cost of public passenger railroad transportation in the Greater Buenos Aire (AMBA) and that covered by the fares paid by users. Transfers to the Transportation Infrastructure System Trust Fund, ARS230,142 million (-17.0% YoY real), through which tariff compensation for passenger transportation in the AMBA is paid, and which until last year also included assistance to the Compensation Fund for Motor Vehicle Transportation outside the AMBA ¹² . Transfers to <i>Belgrano Cargas y Logística</i> , ARS7,864 million (-59.9% YoY), to cover operating expenses. |
| INSSJP benefits ARS143,185 -39.2% YoY real | -0.4 | As a result of the evolution of the ANSES pension expenditure net of bonuses (which constitutes the expenditure subject to contributions to the National Institute of Social Services for Retirees and Pensioners - PAMI). |
| Other subsidies ARS65,068 -57.6% YoY real | -0.4 | Transfers to <i>Correo Argentino S.A.</i> , ARS31,800 million (-41.6% YoY real), to AYSA, ARS10,716 million (-59.2% YoY real), to <i>Radio y Televisión Argentina S.E.</i> , ARS10,217 million (-41.1% YoY real), and to <i>Fabricaciones Militares</i> , ARS3,144 million (-57.2% YoY real). There were no transfers to small and medium-sized producers and regional economies (ARS7,831 million in the first quarter of 2023). |

⁸ FONID was created in 1998 by Law 25,053 on an emergency basis for a 5-year term. It was extended by several laws and urgency and necessity decrees until 12/31/2023.

⁹ The Fiscal Strengthening Fund of the Province of Buenos Aires was created by Executive Order 735/2020 and repealed by Executive Order 192 of 02/23/2024.

¹⁰ In the Executive Branch, whose expenditure represented 78.7% of the total, the cumulative increases totaled 201.1% (including the last increase granted for March of 8%, in accordance with Executive Order 287/24). In the Judicial Branch and the Public Prosecutor's Office, with a share of 16.9% of total personnel expenses, salary guidelines totaled 171.7% (not including Supreme Court Decision 8/2024 of April 4, which provides for a 12% increase retroactive to February 2024; if this were included, the guidelines would total 204.3%). In the Legislative Branch (4.5% of the total), the guidelines accrued 184.1%.

¹¹ Pension benefits plus bonuses lost an average of 27.8% YoY of purchasing power in the first quarter of 2024.

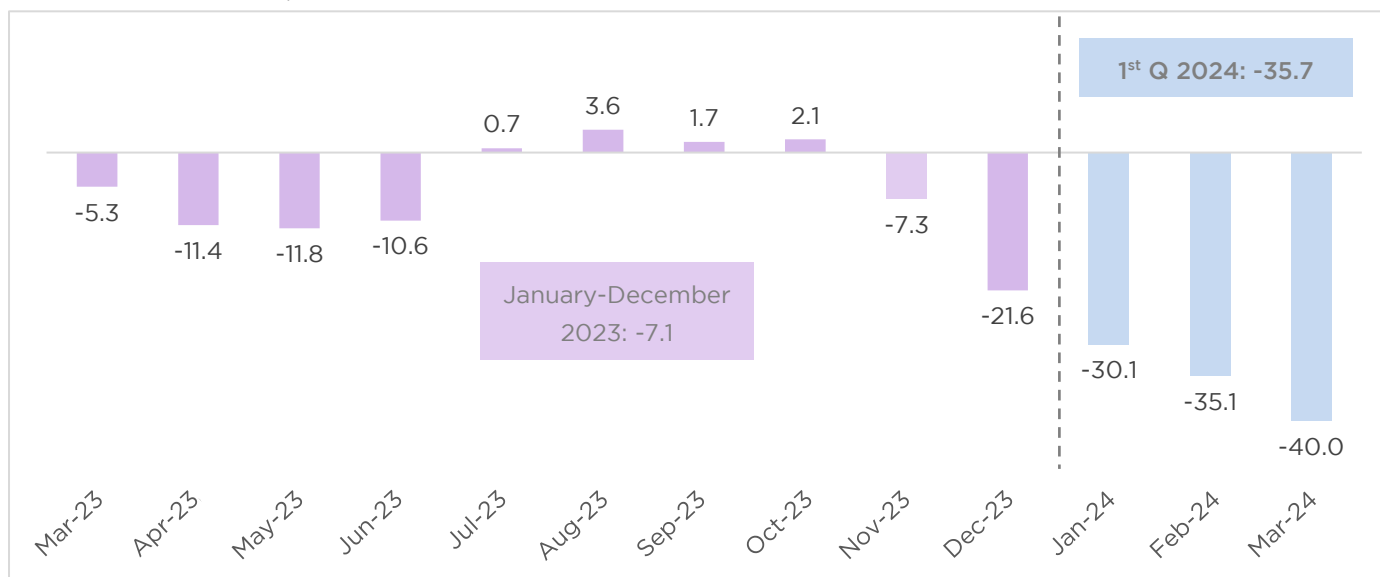
¹² In the first quarter of 2023, ARS21 billion was allocated to the Transportation Compensation Fund (outside the AMBA).

| Concept (millions of ARS) | Impact % | Main YoY variations |
|--|----------|--|
| Other current expenditures ARS287,425 10.8% YoY real | 0 | Transfers from the Ministry of Health for operating expenses of SAMIC Hospitals, ARS152,748 million (78.7% YoY real). Expenditures for public debt commissions, ARS33,373 million (286.2% YoY real). On the other hand, no execution was recorded for electoral expenses (ARS2,536 million in 2023) or for Socio-Urban Integration (ARS1,789 million in 2023). |
| Family allowances ARS1,190,267 0.3% YoY real | 0.02 | Family Allowances (active and inactive population), ARS521,473 million (-14.2% YoY real), as a result of the differential between the update of the value of the allowances (adjustment formula) and inflation, partially offset by the increase in the number of allowances paid ¹³ , as well as by the increase in the value of the annual school allowance paid in March ¹⁴ . The increase in Universal Allowances, ARS668,794 million (+15.5% YoY real), is mainly due to the 100% increase in the value of benefits in January 2024 (Executive Order 117/23), in addition to the increase resulting from the adjustment formula in December and March ¹⁵ . |
| Interest ARS2,756,539 7.3% YoY real | 0.9 | The increase is mainly explained by higher interest payments in January for securities in foreign currency issued under the September 2020 debt restructuring process and by the February payment of IMF loans. |

SOURCE: OPC, based on E.Sidif data.

Figure 6. Year-on-year variation in primary expenditures

March 2023 - March 2024, as YoY real var. %



SOURCE: OPC, based on E.Sidif data.

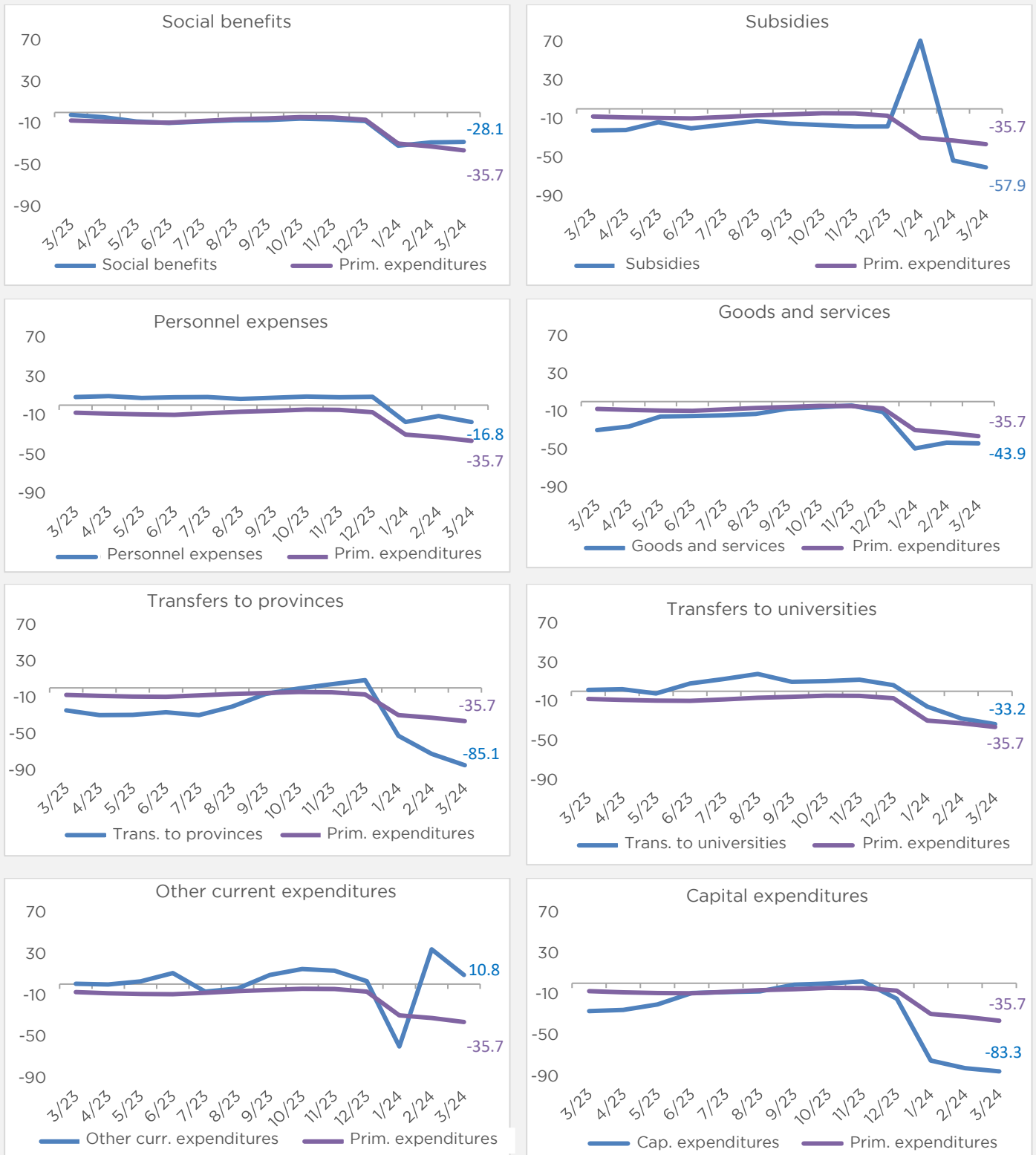
¹³ According to E.Sidif data, the number of child allowances (active and inactive population) increased from an average of 2.7 million in the first two months of 2023 to 4.7 million in the same period of 2024 (data for March 2024 is not yet available).

¹⁴ The value of the annual school allowance (payable only in March of each year), increased from ARS9,609 to ARS70,000.

¹⁵ During the first quarter of 2023, the average value of the Universal Child Allowance was ARS10,351, compared to ARS45,066 in the same period of 2024, which represents a real increase of 16.0% YoY.

Box 1. Evolution of the main expenditure items in relation to primary expenditures

March 2023 - March 2024, as cumulative YoY real var. %



SOURCE: OPC, based on E.Sidif data.

National Government Expenditure Execution Level

Table 4. Cumulative expenditure execution level

First quarter 2024, in millions of ARS and execution %

| Concept | Initial appropriation | Current appropriation | Accrued | Exec. % |
|---------------------------------|-----------------------|-----------------------|------------|---------|
| Total expenditures | 40,250,029 | 54,733,432 | 15,336,082 | 28.0 |
| Current expenditures | 37,174,662 | 51,641,037 | 15,119,460 | 29.3 |
| Social benefits | 19,607,552 | 27,974,789 | 8,324,811 | 29.8 |
| Pensions | 13,053,964 | 19,182,841 | 5,315,905 | 27.7 |
| Family allowances | 1,570,493 | 3,004,459 | 1,190,267 | 39.6 |
| Universal Child Allowance | 702,360 | 1,720,425 | 668,794 | 38.9 |
| Others | 868,133 | 1,284,034 | 521,473 | 40.6 |
| Non-contributory pensions | 1,420,250 | 1,755,213 | 618,249 | 35.2 |
| INSSJP benefits | 394,730 | 459,751 | 143,185 | 31.1 |
| Other social programs | 3,168,114 | 3,572,525 | 1,057,205 | 29.6 |
| <i>Potenciar trabajo</i> | 1,017,665 | 1,038,309 | 338,035 | 32.6 |
| Food policies | 731,699 | 830,879 | 397,145 | 47.8 |
| <i>Progresar</i> student grants | 291,329 | 436,653 | 81,805 | 18.7 |
| Others | 1,127,421 | 1,266,684 | 240,220 | 19.0 |
| Subsidies | 4,281,968 | 5,790,752 | 1,007,025 | 17.4 |
| Energy | 2,806,409 | 3,609,409 | 559,889 | 15.5 |
| Transportation | 1,008,320 | 1,633,320 | 382,068 | 23.4 |
| Other subsidies | 467,238 | 548,022 | 65,068 | 11.9 |
| Personnel expenses | 4,387,714 | 6,063,283 | 1,903,347 | 31.4 |
| Goods and services | 1,094,220 | 1,332,083 | 263,309 | 19.8 |
| Transfers to provinces | 1,522,802 | 1,325,758 | 79,369 | 6.0 |
| Transfers to universities | 1,359,988 | 1,381,468 | 497,636 | 36.0 |
| Other current expenditures | 494,381 | 653,067 | 287,425 | 44.0 |
| Interest (*) | 4,426,037 | 7,119,837 | 2,756,539 | 38.7 |
| Capital expenditures | 3,075,367 | 3,092,395 | 216,622 | 7.0 |
| Read direct investment | 894,696 | 917,762 | 73,961 | 8.1 |
| Capital transfers | 2,106,866 | 2,100,829 | 142,344 | 6.8 |
| Financial investment | 73,804 | 73,804 | 316 | 0.4 |

As of the first quarter of 2024, current appropriations increased by 36.0% with respect to the initial amount of the fiscal year, which is the result of the extension of the budget in effect as of December 31, 2023, under the terms of Executive Order 88/2023. The budget increase was approved through DNU 280 on March 27 and amounted to ARS14,483.403 billion.

Total expenditures accounted for 28.0% of the current budget, 7.7 percentage points above the level reached one year ago (20.3%). Current expenditures accrued 29.3% of its appropriation (vs. 20.8% as of March 2023), and capital expenditures accounted for 7.0% (14.7% as of March 2023).

The level reached by other current expenditures (44.0%) stands out, followed by debt interest payments (38.7%) and transfers to universities (36.0%). Within social benefits, Family Allowances (39.6%) and the Food Policy program (47.8%), which includes the *Alimentar* Card, were the most important items in terms of execution.

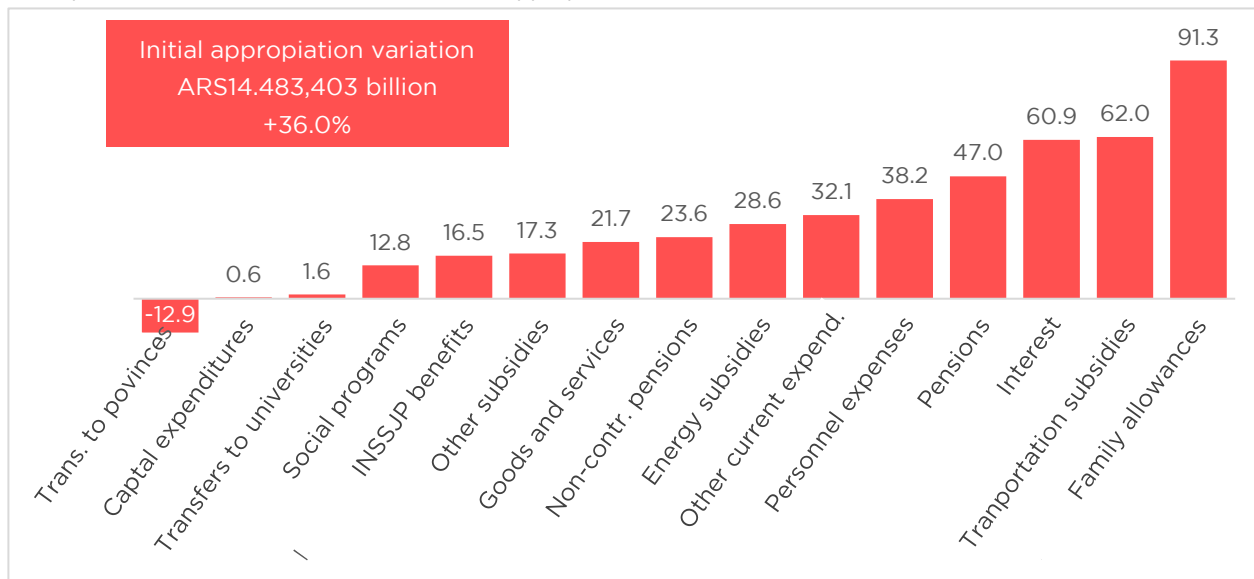
At the other extreme are current transfers to provinces (6.0%) and capital expenditures (7.0%), followed by energy subsidies (15.5%) and expenditures for goods and services (19.8%). The *Progresar* student grants within social programs also showed below-average execution levels (18.7%).

(*) Includes interest paid intra-public sector as reported in the E.Sidif.

SOURCE: OPC, based on E.Sidif data.

Figure 7. Variation in initial appropriation by main expenditure items¹⁶

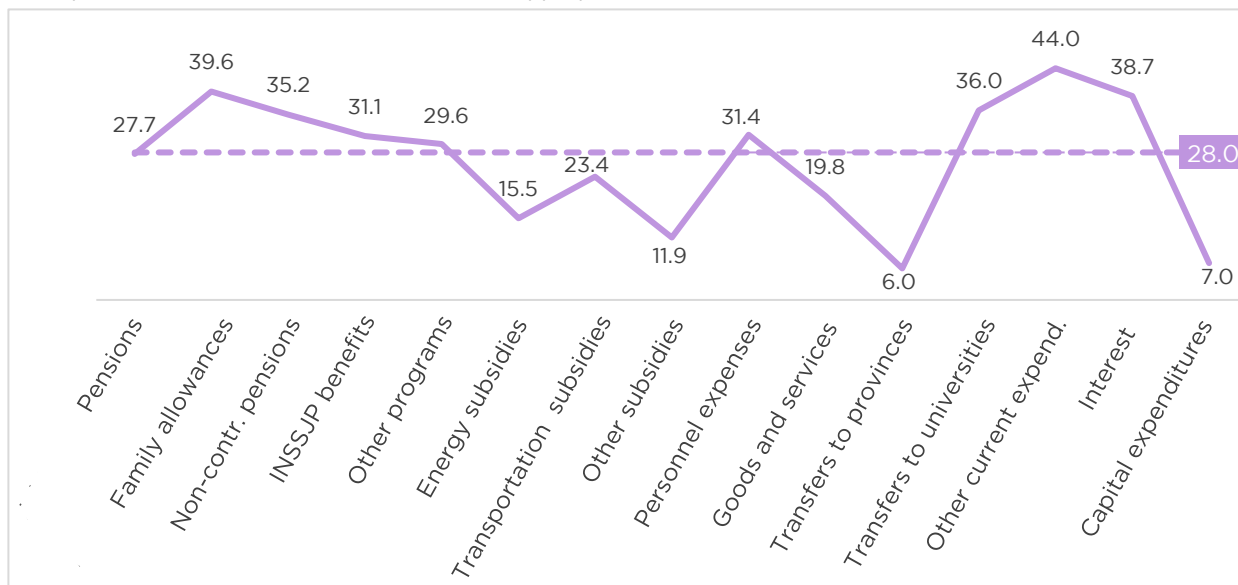
First quarter 2024, as variation % over current appropriation



SOURCE: OPC, based on E.Sidif data.

Figure 8. Execution level of the main items of total expenditure

First quarter 2024, as execution % over current appropriation



SOURCE: OPC, based on E.Sidif data.

¹⁶ For more information on the budgetary impact of DNU 280/2024 refer to OPC's report on Budget Amendments at: <https://www.opc.gob.ar/modificaciones-presupuestarias/2024-analisis-de-las-modificaciones-presupuestarias-de-la-administracion-nacional/>.

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 April 8, 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 the month of March 2024, the inflation estimated in the report: "*Resultados del Relevamiento de Expectativas de Mercado (REM)*", prepared by the BCRA, which shows a monthly variation of 12.5%, is used.
- 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.
- Transfers made by the Ministry of Health for the functioning of national hospitals of the Comprehensive Medical Care Service for the Community (SAMIC) are included in Other Current Expenses as they are transferred directly to these entities.

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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