



ANALYSIS OF NATIONAL GOVERNMENT BUDGET EXECUTION

May 2024

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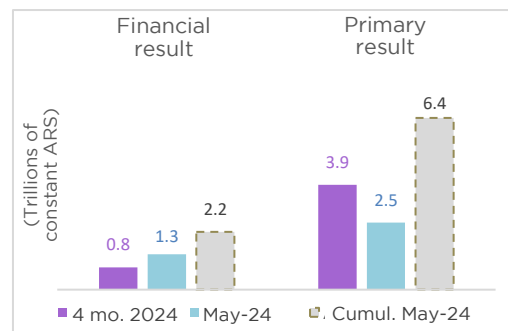
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EXECUTIVE SUMMARY

In the first five months of the year, the National Government obtained a financial surplus of ARS2.2 trillion, in contrast with a deficit of ARS2.3 trillion obtained in the same period of 2023 (-126.2% year-on-year (YoY) in real terms). The financial result for the month of May was positive by ARS1.3 trillion.

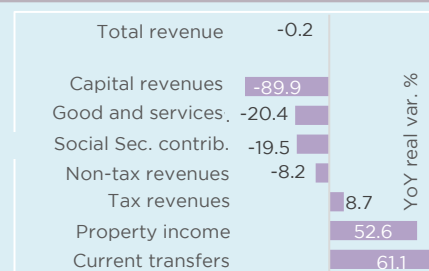
The cumulative primary surplus, which does not include debt interest payments, amounted to ARS6.4 trillion as opposed to the primary deficit of ARS1.1 trillion a year earlier (-261.5% YoY in real terms). The primary result for the month of May was in surplus by ARS 2.5 trillion.



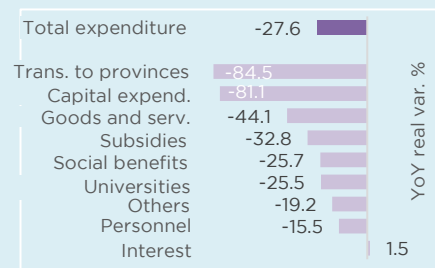
BUDGET EXECUTION

COMPARISON WITH PREVIOUS YEARS

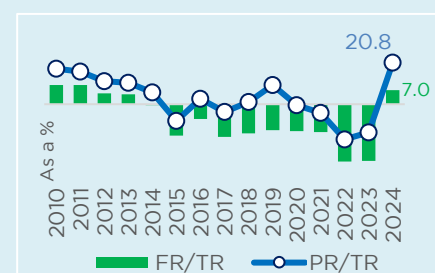
Revenues: totaled ARS30.8 trillion as of May 2024, which implied a decrease in real terms of 0.2% YoY. On the one hand, tax revenues expanded 8.7% YoY, mainly driven by the PAIS Tax (423.6% YoY) and Export Duties (61.1% YoY), which offset the decreases in the main taxes: Check Tax (-11.5% YoY), VAT (-4.9% YoY) and Income Tax (-1.7% YoY). On the other hand, resources from Social Security decreased 19.5% YoY.



Expenditures: totaled ARS28.7 trillion and decreased 27.6% YoY in real terms. All expenditure components showed real declines compared to 2023, except for debt interest payments, which grew 1.5% YoY. Of that reduction, 9.0 points relate to pensions, which fell 25.8% YoY in the period. Current transfers to the provinces and capital expenditures were the items with the largest decreases, with variations of -84.5% YoY and -81.1% YoY, respectively. Primary expenditures totaled ARS24.4 trillion and decreased by 31.3% YoY.



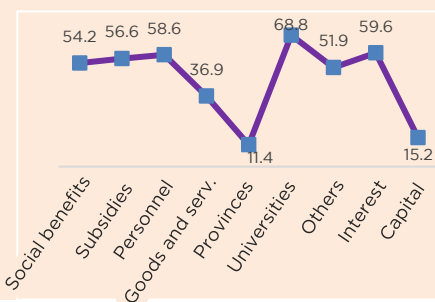
Primary and financial results in relation to total revenues: the cumulative primary result as of the fifth month of the year reached 20.8% of total revenues of the National Government, constituting the highest value of the series that began in 2010; while the financial result was 7.0% of total revenues, being the third highest value of the series.



COMPARISON W/CURR. APPROPRIATION

Execution level: total accrued expenditure (ARS28.7 trillion) represents 52.3% of the current appropriation as of May 31, 2024.

Transfers to universities (68.8%) and energy subsidies (65.2%) stand out for their advanced execution level. On the other hand, current transfers to provinces (11.4%) and capital expenditures (15.2%) are the items with the lowest level of execution.



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National taxes revenue¹

In the first five months of the year, total tax revenue amounted to ARS44,718.92 billion, which implied a contraction in real terms of 5.5% YoY. Resources related to the exchange rate² grew 36.7% YoY, whereas the rest of the taxes contracted 16.3% YoY.16,3%

As mentioned in previous reports, this divergence is mainly explained by the increase in the exchange rate (315.6% YoY in the first five months), by a series of regulatory changes with a positive impact on the resources linked to the exchange rate³ and by the low base of comparison of Export Duties due to the drought that affected the last agricultural campaign. Within the group of taxes linked to the exchange rate, the PAIS Tax grew the most (277.2% YoY).

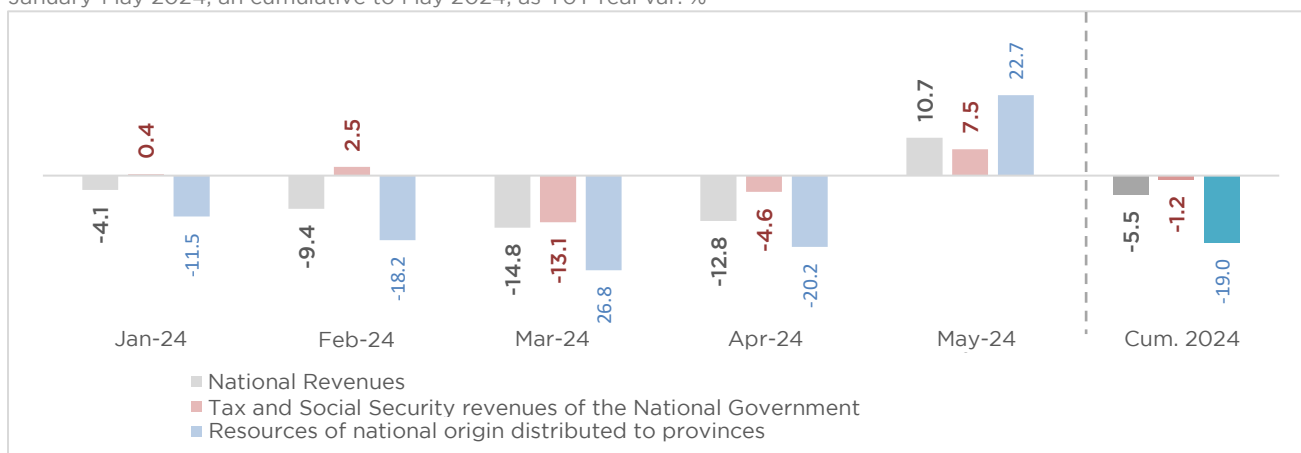
In May, particularly noteworthy was the income tax revenue, with a real increase of 80.4% YoY. It should be recalled that in May, the balance of the tax for fiscal year 2023 had to be paid by the companies that closed their balance sheet in December, which represent the majority of those that pay the tax. This implies that all the increase in tax revenues generated by the inflation of 2023 and by the exchange rate jump in December had a direct impact on the amount to be paid in that month, and will continue to have an impact in the following months through payment plans and advance payments for the 2024 tax period (they are calculated on the basis of the tax determined for 2023).

As a consequence of this increase in income tax, total tax revenues in May grew 10.7% YoY in real terms, compared to a 10.1% YoY drop in the first four months of the year. Despite the performance in May, in the cumulative to that month, Income Tax revenue showed a decrease of 7.1% YoY, mainly as a result of the application of the "Cedular Tax" on higher incomes. VAT recorded a contraction of 6.3% YoY (due to the performance of the DGI VAT, which fell 14.1% YoY because of the level of activity and tax credits generated by higher customs receipts), while Social Security resources contracted 20.1% YoY due to the reduction in employment and the fall in real wages.

Furthermore, as a result of the dynamics of non-shared taxes or taxes earmarked to the National Government, the resources distributed to the National Government have outperformed the total resources and those distributed to the provinces as a whole in the year to May. On the other hand, in May, as a result of the increase in Income Tax revenue (shared with the provinces), there was a better performance of automatic transfers to the provinces.

Figure 1. Total revenue and allocation to National government and provinces

January-May 2024, an cumulative to May 2024, as YoY real var. %



SOURCE: OPC, based on AFIP, E.Sidif and National Directorate of Provincial Affairs

¹ Refers to total revenue from national taxes as reported by AFIP, prior to the distribution of these resources.

² Export and Import Duties, Statistics Tax, PAIS Tax and customs receipts of VAT and Income Tax.

³ Expansion of the taxable base of the PAIS Tax through Executive Order 377/2023 in July last year, increase of certain rates of the PAIS Tax in December through Executive Order 29/2023 and suspension of the VAT and Income Tax non-withholding certificates for imports in mid-April 2023.

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

Table 1. Revenues, expenditures, and results

In millions of ARS and YoY real var. %

Concept	May 2024		Cumulative 5 months	
	In millions of ARS	YoY real var. %	In millions of ARS	YoY real var. %
I. Current revenues	8,614,309	9.5	30,814,977	0.5
Tax revenues	6,020,165	15.3	20,346,748	8.7
Social Security contributions	1,970,538	-10.9	8,137,391	-19.5
Non-tax revenues	133,645	-14.8	620,903	-8.2
Goods and services	10,424	-31.7	48,208	-20.4
Property income (*)	476,087	85.3	1,617,989	52.6
Current transfers	3,449	52.9	43,738	64.1
II. Current expenditures	7,178,526	-20.0	28,209,221	-24.1
Social benefits	3,565,816	-21.3	15,246,156	-25.7
Pensions	2,592,838	-14.6	10,305,643	-25.8
Family allowances	322,484	-15.5	1,845,450	-6.7
Universal Child Allowance	192,592	17.6	1,055,480	14.1
Active pop., inactive pop., and others	129,892	-40.4	789,970	-25.0
Non-contributory pensions	137,918	-64.4	1,037,878	-27.8
INSSJP benefits	88,621	-4.2	292,055	-31.0
Other social programs	423,955	-33.3	1,765,129	-36.7
<i>Potenciar/ Volver al Trabajo/ Acompañamiento Social (**)</i>	113,969	-54.2	530,531	-54.9
Food policies	158,273	-25.8	700,855	-15.8
<i>Progresar grants</i>	34,097	-11.3	115,901	-50.8
Others	117,616	-12.8	417,842	-24.7
Subsidies	1,181,433	-15.2	3,277,183	-32.8
Energy	917,542	-14.8	2,354,884	-33.2
Transportation	141,858	-20.5	646,601	-33.8
Other subsidies	122,033	-11.5	275,698	-26.3
Personnel expenses	788,357	-15.2	3,450,195	-15.5
Goods and services	132,576	-55.8	518,412	-44.1
Transfers to provinces	49,888	-81.6	150,839	-84.5
Transfers to universities	237,311	-5.1	951,024	-25.5
Other current expenditures	46,932	-61.5	368,628	-19.2
Interest (***)	1,176,212	-0.2	4,246,784	1.5
III. Economic result (I-II)	1,435,783	-229.3	2,605,756	-141.5
IV. Capital revenues	15	-100.0	23,277	-89.9
V. Capital expenditures	111,737	-82.3	469,274	-81.1
Real direct investment	24,777	-87.2	112,700	-85.5
Capital transfers	86,960	-80.1	356,258	-78.6
Financial investment	0	-100.0	316	-99.1
VI. Total revenues (I+IV)	8,614,324	8.6	30,838,253	-0.2
VII. Total expenditures (II+V)	7,290,263	-24.1	28,678,495	-27.6
VIII. Primary expenditures	6,114,051	-27.5	24,431,711	-31.3
IX. Primary result (VI-VIII)	2,500,274	-605.3	6,406,542	-261.5
X. Financial result (VI-VII)	1,324,061	-179.1	2,159,758	-126.2

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

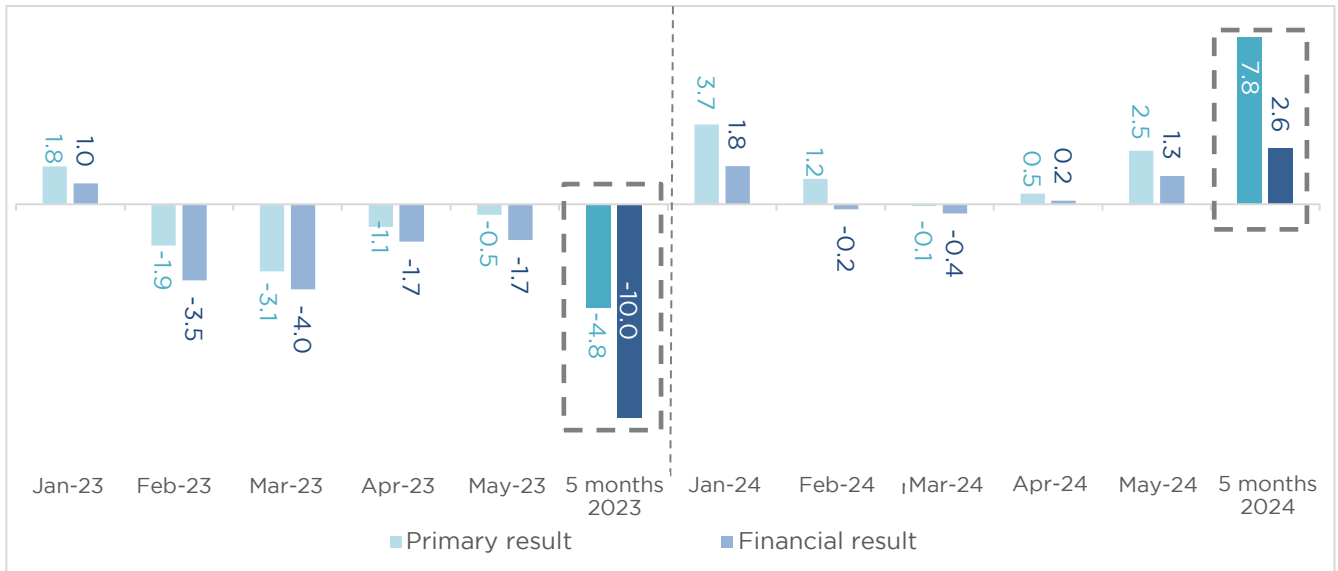
(**) Executive Order 198/2024 provided for the creation of the *Acompañamiento Social* and *Volver al Trabajo* programs, to which the holders of the *Potenciar Trabajo* program will be transferred.

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

SOURCE: OPC, based on E.Sidif data.

Figure 2. Primary and Financial Results

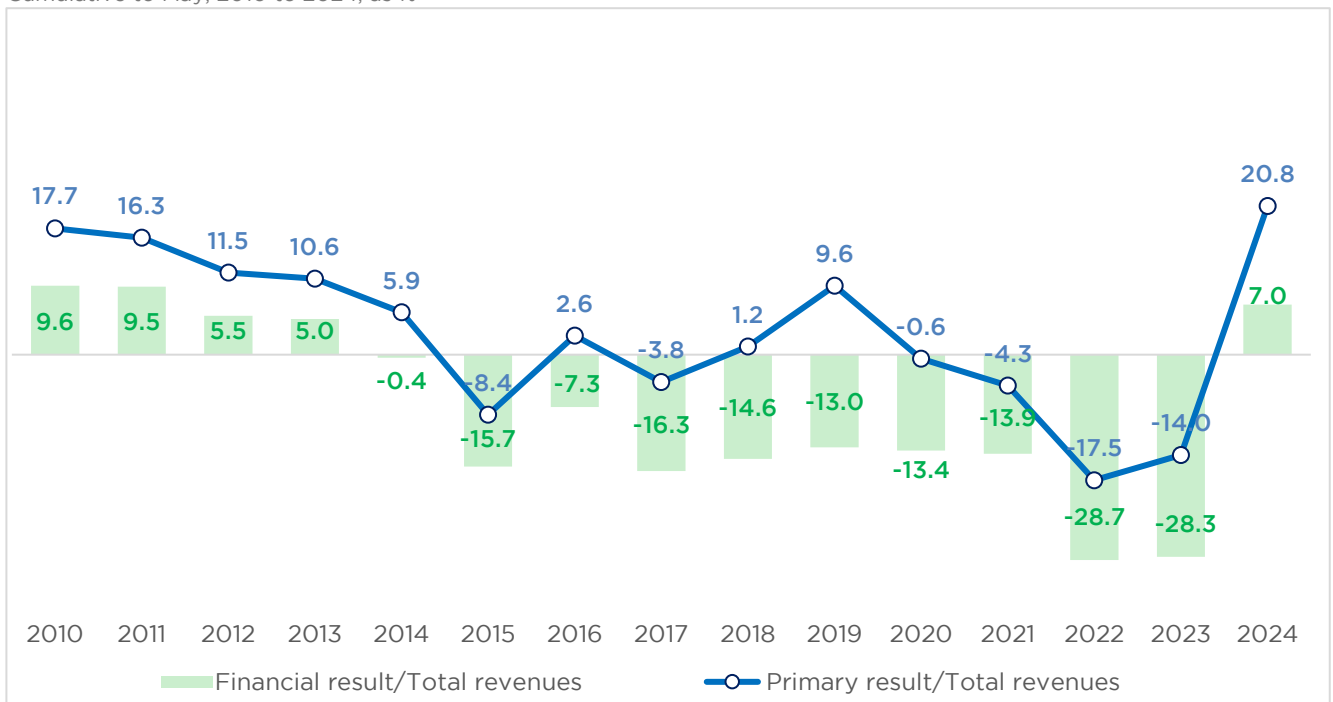
January-May and cumulative, 2023 and 2024, in billions of constant ARS of May 2024



SOURCE: OPC, based on E.Sidif data.

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

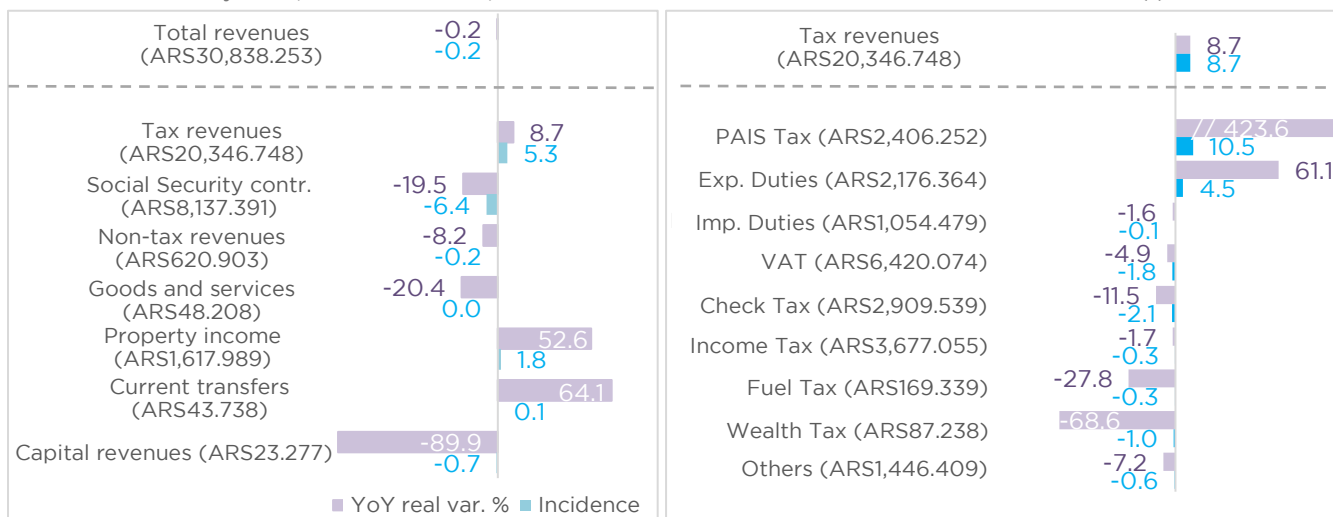
Cumulative to May, 2010 to 2024, as %



SOURCE: OPC, based on E.Sidif data.

Figure 4. Total and tax revenues

Cumulative as of May 2024, in billions of ARS, YoY real var % and incidence as % of total and tax revenues (*)



(*) Incidence refers to the contribution in percentage points that each item makes to the total variation.

SOURCE: OPC, based on E.Sidif data.

As of May 31, tax and Social Security revenues amounted to ARS28,484.139 billion, which implied a contraction in real terms of 1.2% YoY. The discrepancy between this fall and that of the total revenue from national taxes (-5.5% YoY in real terms) is explained by the behavior of non-sharable resources or those earmarked for the National Government. In this regard, the growth of PAIS Tax revenues (423.6% YoY in real terms) stands out. In addition to the broadening of the tax base and rates, Executive Orders 29/2023 and 193/2024 modified the distribution of the tax, increasing the percentage allocated to the National Government. The increase in revenues from Export Duties (61.1% YoY real) also contributed to the improvement. As for Import Duties and the Statistical Rate, for the year-to-date, they showed a decrease of 1.0% YoY in real terms, as a result of the reduction in imports.

Table 2. Total revenue

Cumulative as of May 2024, in billions of ARS, as YoY real var. % and y incidence %.

Concept (billions of ARS)	Incidence %	Main YoY variations
Tax revenues⁴ ARS20,346.748 8.7 YoY real	5.3	PAIS Tax, ARS2,406.252 billion (423.6% YoY real), Export Duties, ARS2,176.364 billion (61.1% YoY real), both positively affected by the increase in the exchange rate. PAIS Tax collection was also favored by the broadening of the tax base and by the modification in its distribution (Executive Orders 29/2023 and 194/2024). Contrary to this performance, the following tax revenues contracted: VAT, ARS6,420.074 billion (-4.9% YoY real), due to the lower level of activity and to the tax credits for customs duties. Income Tax, ARS3,677.055 billion (-1.7% YoY real), due to the application of the "Cedular Tax". Check Tax, ARS2,909.539 million, (-11.5% YoY real). Import Duties, ARS1,054.479 billion (-1.6% YoY real). Tax on Liquid fuels, ARS169.339 billion (-27.8% YoY real). Wealth Tax, ARS87.238 billion (-68.6% YoY real).
Social Security ARS8,137.391 -19.5 YoY real	-6.4	Employer Contributions, ARS5,215.268 billion (-20.8% YoY real) and Personal Contributions, ARS2,912.255 billion (-18.1% YoY real), due to the reduction in employment and real wages.
Non-tax revenues ARS620.903	-0.2	Fees collected by agencies, ARS123.207 billion (-13.3% YoY real) ⁵ . Directorate of the National Registry of Motor Vehicles, ARS79.871 billion, (-20.3% YoY real).

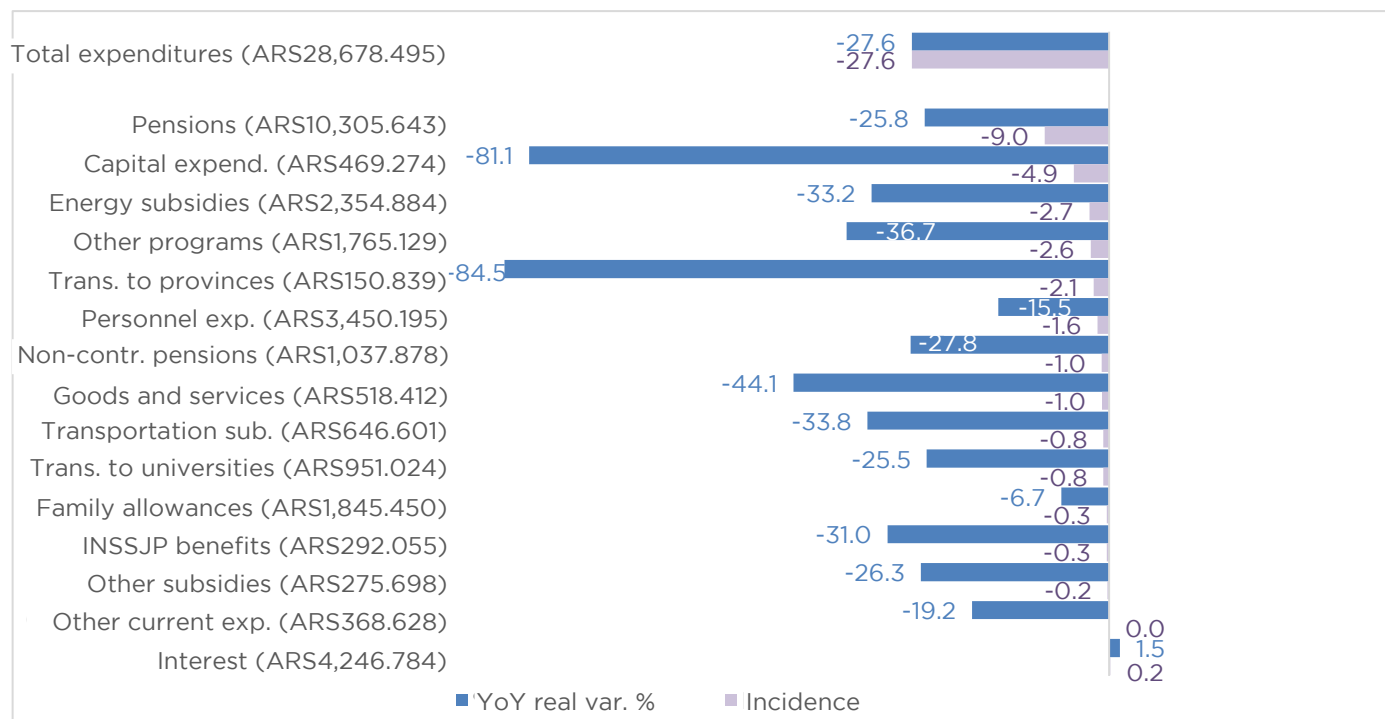
⁴ For further details see the tax revenue monitor prepared by the OPC at: <https://www.opc.gob.ar/monitores-fiscales/monitor-de-recaudacion-tributaria-nacional/>. The figures shown in this report may differ from those shown in the monitor due to the different scenarios analyzed and the time of recording in the different Public Sector systems.

⁵ Of note were those received by ENARGAS (ARS21.566 billion, -6.6% YoY real), the National Superintendence of Insurance (ARS20.650 billion, -14.6% YoY real), the National Road Safety Agency (ARS17.963 billion, -12.4% YoY real), the Superintendence of Labor Risks (ARS10.623 billion, -21.6% YoY real) and ENACOM (ARS8.066 billion, -20.4% YoY real), among others.

Concept (billions of ARS)	Incidence %	Main YoY variations
-8.2 YoY real		Consular fees for procedures abroad of the Ministry of Foreign Affairs, International Trade and Worship, ARS4.736 billion (-39.0% YoY real). On the other hand, there were increases in: National Justice Fund, ARS157.539 billion (46.5% YoY real). Allocations and Refunds, ARS39.442 billion (2.3% YoY real). Fees for Migratory Control, ARS30.798 billion (28.2% YoY real). Issuance of passports, ARS15.951 billion (59.1% YoY real).
Goods and services ARS48.208 -20.4 YoY real	0.0	Various services of the National Government, ARS44.768 million (-20.5% YoY real). Sale of goods, ARS3.439 million (-18.8% YoY real).
Property income ARS1,617.989 52.6 YoY real	1.8	Income from the FGS ANSES, ARS931.442 billion (8.7% real YoY). Interest on deposits in domestic currency, ARS651.040 billion (592.4% YoY real). On the other hand, interest on loans in domestic currency decreased by ARS34.92 billion (-60.1% YoY real).
Current transfers ARS43.738 64.1 YoY real	0.1	Current transfers from international organizations, ARS26.519 billion (73.8% YoY real). Transfers received by the National General Treasury from provincial and municipal institutions, ARS16.985 billion (48.2% YoY real).
Capital revenues ARS23.277 -89.9 YoY real	-0.7	Capital transfers received from the Transportation Infrastructure System Trust Fund, ARS19.197 billion (-91.8% YoY) to finance works of the National Directorate of Roads.

Figure 5. Total expenditures

Cumulative as of May 2024, in billions of ARS, as YoY real var. % and y incidence % (*)



(*) Incidence refers to the contribution in percentage points that each item makes to the total variation.

SOURCE: OPC, based on E.Sidif data.

During the first five months of 2024, total National Government expenditure recorded a fall of 27.6% YoY in real terms: primary expenditure fell by 31.3% YoY, whereas interest on debt showed an increase of 1.5% YoY in real terms. As for primary expenditures, although the decline observed in May (-27.5% YoY in real terms) was more pronounced than that of April (-22.5% YoY), it was lower than that recorded in the first quarter of the year (-35.4% YoY in real terms).

Pensions and capital expenditures were the items that had the greatest impact on the reduction of total expenditure in the five-month period, accounting for 9.0 percentage points (p.p.) and 4.9 p.p.,

respectively, of the total fall, followed by energy subsidies (2.7 p.p.), social programs (2.6 p.p.) and transfers to provinces (2.1 p.p.).

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In the last two months, pensions (-25.8% YoY real) have shown a more moderate drop than the one observed in the first quarter of the year: after falling 31.2% YoY in real terms in January-March, in April they fell by 19.9% YoY and in May, by 14.6% YoY. It should be recalled that in April the transition between the adjustment formula provided by Law 27,609 (quarterly adjustment based on the variation of ANSES resources and wages) and the one approved by DNU 274/24 (monthly adjustment based on CPI)⁶ began to apply to SIPA pension benefits, which contributed to attenuate the loss of purchasing power and, consequently, the drop in pension expenditure in real terms.

In fact, pension benefits (excluding bonuses) recovered in May in real terms by 23.5% with respect to March, and by 3.6% with respect to December 2023. However, when comparing the average purchasing power of five months of 2024 with respect to the same period of 2023, a real fall of 32.3% YoY still prevails.

As for capital expenditures, they continue to show a retraction (-82.3% YoY real) and are the second largest contributor to the decrease in total expenditure. Capital transfers to provinces and municipalities (-98.4% YoY real), trust funds (-72.1% YoY real) and state-owned enterprises (-63.8% YoY real), as well as real direct investment, mainly for road projects (-87.7% YoY real) and equipment in the education sector (-97.4% YoY real), fell. In the last two months (April and May), no capital transfers to trust funds were recorded.

With respect to energy subsidies, it is worth noting that transfers to the Wholesale Electricity Market Administration Company (CAMMESA) totaled ARS674.072 billion in May (64.0% YoY real), to cover the gap between electricity generation costs and tariffs⁷. In the cumulative amount up to May 2024, energy subsidies showed a negative variation of 33.2% YoY. Transfers to CAMMESA decreased by 4.4% YoY, and those to ENARSA decreased by 59.3% YoY.

Finally, transfers to the provinces, which continue to show monthly year-on-year decreases, represent the expenditure item with the largest real decrease in the first five months of the year (-84.5% real YoY). It is important to highlight that of the ARS52.442 billion accrued in the FONID (National Teacher Incentive Fund) as of May, only ARS4.528 billion were paid, which were unpaid accruals of fiscal year 2023 and were imputed to the Teacher Salary Compensation Program⁸.

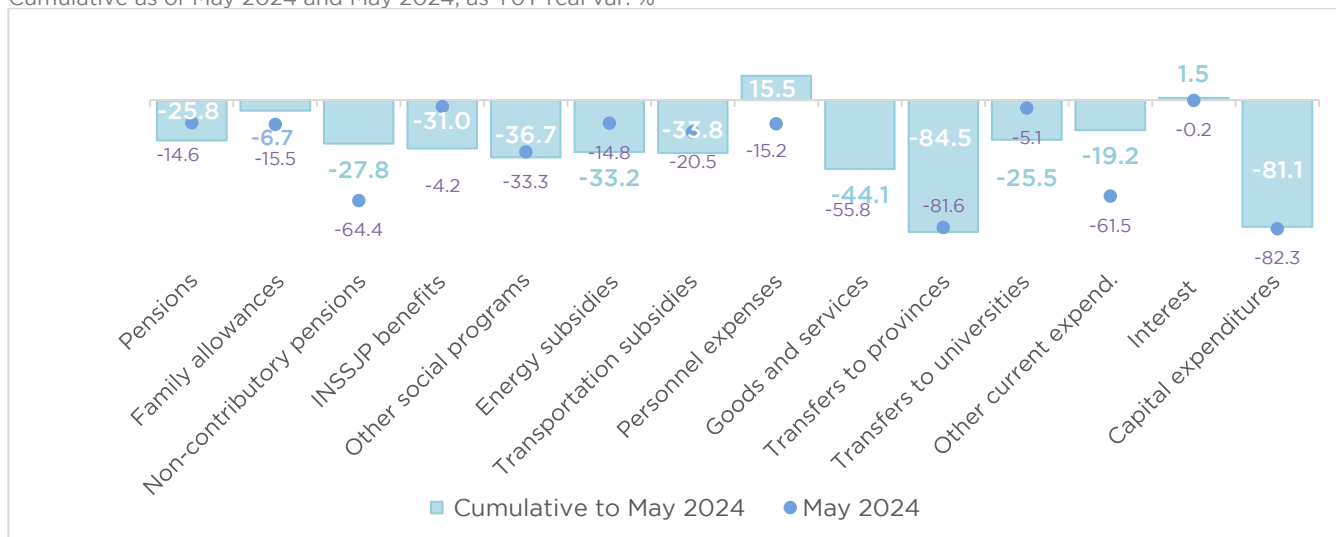
⁶ The transition mechanism consists of the application of the formula of Law 27,609 until June 2024, but granting increases in the months of April, May and June inclusive, based on CPI, which are taken on account (advance) of the resulting adjustment with such formula. This mechanism also provided for an additional one-time increase of 12.5%, applicable in April.

⁷ The information provided by the Ministry of Economy indicates that upon expiration of the term for adherence to the regime established by Res. 58/2024 of the Secretariat of Energy (as amended by Res. 66/2024), all creditors have adhered to it. The aforementioned Resolutions establish that once the individual agreements are executed the invoices will be cancelled subject to the following principles: The debt for the economic transactions of the months of December 2023/January 2024 will be cancelled according to the instruction and methodology that, for such purpose, will be provided by the Secretariat of Energy, with Bonds in USD AE38. The settlements for the month of February 2024 will be paid with the funds available in CAMMESA (demand billing / subsidies). Likewise, invoices from March 2024 due in May 2024 onwards, shall be paid in full under the terms and conditions set forth in the regulations in force.

⁸ The amount paid, which relates to unpaid accruals for fiscal year 2023, was distributed to the following provinces: Santiago del Estero (ARS2.141 billion), Misiones (ARS1.476 billion), La Rioja (ARS397 million), Catamarca (ARS372 million), Corrientes (ARS130 million) and Chubut (ARS12 million).

Figure 6. Real cumulative and monthly expenditure variation

Cumulative as of May 2024 and May 2024, as YoY real var. %



SOURCE: OPC, based on E.Sidif data.

Table 3. Total expenditure

Cumulative as of May 2024, in billions of ARS, as YoY real var. % and incidence %. In order of incidence

Concept (billions of ARS)	Incidence %	Main YoY variations
Pensions ARS10,305.643 -25.8% YoY real	-9.0	As a result of the updating of benefits below inflation, partially offset by the granting of bonuses to lower-income pensioners ⁹ . Expenditure executed by ANSES totaled ARS9,222.417 billion (-26.9% YoY real), of which ARS8,067.445 billion related to regular payments (-30.9% YoY real) and ARS1,154.972 billion (20.3% YoY real) to income complements for the lowest income beneficiaries (bonuses). Benefits for retired personnel of the Armed and Security Forces, ARS1,081.216 billion (-14.9% YoY real).
Capital expenditures ARS469.274 -81.1% YoY real	-4.9	-Real Direct Investment , ARS112.7 billion (-85.5% YoY real): the reduction in this item was driven, in the first place, by lower expenditures in works by the National Directorate of Roads, ARS40.671 billion (-87.7% YoY real). In addition, the decrease in investment in the Secretariat of Education (-97.4% YoY real) stands out, mainly due to the lack of execution in the acquisition of computers within the framework of the <i>Conectar Igualdad</i> program (ARS14.76 billion as of May 2023), and in the Secretariat of Public Works (-96.3% YoY real), due to the decrease in investment in programs linked to the Development of Hydraulic Infrastructure (ARS11.994 billion in 2023 vs ARS2.299 billion in 2024) and to Transportation and Sustainable Mobility (ARS14.074 billion in 2023 and no execution in 2024). -Capital transfers , ARS356.258 billion (-78.6% YoY real): the reduction is driven by the lower execution in financial assistance to: 1) provinces and municipalities, ARS6.488 billion (-98.4% YoY real); 2) state-owned enterprises, ARS245.803 billion (-63.8% YoY real); and 3) trust funds, ARS96.309 billion (-72.1% YoY real). With respect to state-owned companies, the decreases in the transfers to ENARSA, ARS162.165 billion (-46.7% YoY real) and to AYSA, ARS75.81 billion (-58.3% YoY real) stand out. As for trust funds, the transfers to the <i>Procrear</i> Trust Fund, ARS61.692 billion (-11.7% YoY real) and to the Social Housing Trust Fund, ARS34.167 billion (-83.9% YoY real), stand out in the aggregate to the month of May. The cumulative capital transfers to trust funds as of 5/31 refer to the accrual during the first quarter of the year, since there were no capital transfers to trust funds in April or May.

⁹ Five-month average pensions for 2024 rose by 156% YoY, while average inflation was 278.5%, resulting in a loss of purchasing power of 32.3% YoY.

Concept (billions of ARS)	Incidence %	Main YoY variations
Energy subsidies ARS2,354.884 -33.2% YoY real	-2.7	Transfers to ENARSA, ARS603.366 billion (-59.3% YoY real), mainly to cover the purchase of imported natural gas. Transfers to CAMMESA, ARS1,715.832 billion (-4.4% YoY real), to cover the gap between electricity generation costs and tariffs. Financial assistance under the Gas IV Gas.AR Plan (Necessity and Urgency Decree - DNU 892/2020), ARS10.401 billion (-90.0% YoY real).
Other social programs ARS1,765.129 -36.7% YoY real	-2.6	<i>Potenciar Trabajo</i> and subsequent programs (<i>Volver al Trabajo</i> and <i>Acompañamiento Social</i>), ARS530.531 billion (-55.0% YoY real), because of the loss of purchasing power of benefits and the drop in the number of beneficiaries ¹⁰ . Food Policies, ARS700.855 million (-15.8% YoY real), among whose initiatives the <i>Alimentar</i> Benefit (ARS700.354 billion, -12.1% YoY real) stands out. The average benefit amount shows a loss of purchasing power of 12.0% YoY in real terms in five months. Transfers to community canteens and soup kitchens amounted to ARS451 million, compared to ARS9.386 billion in the same period of 2023 (-98.7% YoY real). <i>Progresar</i> grants, ARS115.901 billion (-50.8% YoY real); Health Care for beneficiaries of non-contributory pensions, ARS148.803 billion (-26.1% YoY real) and <i>Acompañar</i> Program, ARS21.544 billion (-75.0% YoY real).
Transfers to provinces ARS150.839 -84.5% YoY real	-2.1	National Teacher Incentive Fund (FONID) ¹¹ , ARS52.442 billion (-82.3% YoY) of which only ARS4.528 billion were paid for unpaid accruals for fiscal year 2023, as part of the National Teacher Salary Compensation Program ¹² ; School Canteens, ARS5.914 billion (-87.2% YoY); National Treasury Contributions (ATN), ARS12.800 billion (-64.7% YoY real) to the provinces of Tucumán (ARS2.000 billion), for the provinces of Tucumán (ARS2.000 billion), Jujuy (ARS1.5 billion), Chubut (ARS1.5 billion), Santa Fe (ARS1.5 billion), Misiones (ARS1.5 billion), Entre Ríos (ARS3.8 billion) and Corrientes (ARS1 billion). In addition, no transfers were made to the Provincial Pension Funds (ARS41.804 billion as of May 2023) ¹³ or to the Fiscal Strengthening Fund of the Province of Buenos Aires (ARS62.759 billion as of May 2023) ¹⁴ .
Personnel expenses ARS3,450.195 -15.5% YoY real	-1.6	Executive Branch, ARS2,695.568 billion (-16.0% YoY real), Judicial Branch, ARS430.323 billion (-11.9% YoY real), Public Prosecutor's Office, ARS174.052 billion (-9.7% YoY real) and Legislative Branch, ARS150.252 billion (-21.5% YoY real). The salary guidelines agreed upon during the period under analysis were below inflation ¹⁵ . As for the variation of the positions occupied in April 2024 ¹⁶ with respect to the annual average of the occupation during 2023: Executive Branch: 1.3% in the permanent and temporary staff and -12.6% in contracted personnel. Judicial Branch and Public Prosecutor's Office: 1.4% in permanent and temporary staff.

¹⁰ The average benefit for the January - May term increased by 112% YoY, whereas the average inflation was 279% YoY, which results in a loss of purchasing power of 44% (until December 2023, benefits were tied to the minimum wage). In addition, in the five-month average there were 6.2% fewer beneficiaries than in the same period of 2023 (80 thousand fewer beneficiaries).

¹¹ FONID was created in 1998 by Law 25,053 as an emergency for a 5-year term. It was extended by different laws and decrees of necessity and urgency until 12/31/2023. As a consequence of the budget extension, FONID's initial appropriation at the beginning of fiscal year 2024 totaled ARS347.351 billion. However, as of May, the current budget amounted to ARS69.134 billion.

¹² The Teacher Salary Compensation Program, whose disbursements are recorded under an Activity within FONID, has the purpose of contributing to the compensation of inequalities in the initial teacher salary in those provinces where it is reliably assessed that, despite the financial effort put into the sector and the improvements in the efficiency in the allocation of resources, it is not possible to overcome such inequalities (Law 26,075, Section 9).

¹³ DNU 280/2024 (03/26/24) establishes, in its Section 18, that Sections 92, 93 and 94 of Law 27,701 of the General Budget of the National Government for Fiscal Year 2023, in force pursuant to Section 27 of Law 24,156, are not included in the extension provided by Executive Order 88/23. These sections refer to the time and manner in which the National Government shall transfer funds to the provinces that did not transfer their pension systems to the National Government, as an advance payment on account of the final result of the deficit of each pension system.

¹⁴ 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.

¹⁵ During the period analyzed, within the scope of the National Executive Branch, whose expenditure from January to May 2024 represented 78.1% of the total, increases for personnel under the General Collective Bargaining Agreement for the National Government (Executive Order 214/06) were 200.9% YoY and 53.1% from January to May 2024. In the Judicial Branch and the Public Prosecutor's Office, with a 17.5% share of total personnel expenses, salaries rose 176.6% YoY and 42.7% from January to May 2024, without including the recent increase of 7% retroactive to April granted by Resolution 22/2024 of June 6. If this were included, this increase would total 52.7% as of the fifth month of the year. In the Legislative Branch (4.4% of the total), salaries increased 234.9% YoY and 53.1% from January to May 2024.

¹⁶ Source: Integrated Human Resources System (SIRHU), based on the latest available data.

Concept (billions of ARS)	Incidence %	Main YoY variations
Non-contributory pensions ARS1,037.878 -27.8% YoY real	-1.0	As a consequence of the updating of benefit amounts (mobility formula) below inflation, partially offset by the granting of bonuses ¹⁷ . It should be noted that the regular settlement for the month of May of this year has not been recorded. Adjusting this record, the drop in expenditure is of about 18.2% YoY in real terms, in line with the average loss of purchasing power of benefits (with bonus).
Goods and services ARS518.412 -44.1% YoY real	-1.0	Expenditures associated with vaccine schedules, ARS85.881 billion (-4.0% YoY real). Expenditures on goods and services for management and administration activities of National Government agencies, ARS84.218 billion (-42.0% YoY). Expenditures related to food purchases under the Food Policies program, ARS41.845 billion (-46.7% YoY real). Expenditures for services for CONICET fellowships, ARS39.573 billion (-13.4% YoY real). Expenditures related to the acquisition of equipment for the <i>Conectar Igualdad</i> program, ARS15.64 billion (-43.2% YoY real). On the other hand, there were increases in expenditures for: security and hygiene of inmates in charge of the Federal Penitentiary Service, ARS12.966 billion (49.4% YoY real) and for operational readiness of the Air Force, ARS12.861 billion (84.6% YoY real).
Transportation subsidies ARS646.601 -33.8% YoY real	-0.8	Transfers to <i>Operador Ferroviario S.E.</i> , ARS243.253 billion (-38.1% YoY real), to cover the difference between the operating cost of public passenger railroad transportation in the Metropolitan Area of Buenos Aires (AMBA) and the one covered by the fares paid by users. Transfers to the Transportation Infrastructure System Trust Fund, ARS350.707 billion (-29.5% YoY real), through which the AMBA passenger transportation tariff compensation is paid, and which until last year also included the assistance to the Compensation Fund for Motor Vehicle Transportation outside the AMBA ¹⁸ .
Transfers to universities ARS951.024 -25.5% YoY real	-0.8	Funds for the payment of salaries of teaching personnel and authorities, ARS550.8 billion (-23.3% YoY real), of salaries of non-teaching personnel, ARS321.896 billion (-18.7% YoY real). Financial Assistance for University Functioning, ARS54.046 billion (-43.4% YoY real). Financial Assistance to University Hospitals, ARS23.312 billion (-40.9% YoY real).
Family allowances ARS1,845.45 -6.7% YoY real	-0.3	Family Allowances (active and inactive population), ARS789.97 billion (-25.0% YoY real), due to the differential between the update of allowances and inflation ¹⁹ , partially offset by the increase in the number of allowances paid ²⁰ , as well as by the increase in the annual school allowance paid in March ²¹ . The increase in Universal Allowances, ARS1,055.48 billion (14.1% YoY real), is mainly due to the doubling of the value of benefits in January 2024 (Executive Order 117/23), in addition to the increase due to the mobility formula in December and March ²² .
INSSJP benefits ARS292.055 -31.0% YoY real	-0.3	As a consequence of the evolution of pension expenses of ANSES (National Social Security Administration) net of bonuses (which constitutes the expense subject to contributions to the National Institute of Social Services for Retirees and Pensioners - PAMI).
Other subsidies ARS275.698 -26.3% YoY real	-0.2	Transfers to Radio y Televisión Argentina S.E., ARS17.29 billion (-47.8% YoY real). There were no transfers to individuals for National Tourism Promotion (ARS14.81 billion were recorded in the cumulative figure as of May 2023), nor for the stimulation of production and development to small and medium-sized producers and regional economies and to the National Fund for Productive Development - FONDEP (together totaling ARS23.822 billion in the cumulative figure as of May 2023).

¹⁷ Pension benefits plus bonuses lost an average of 20.5% YoY in purchasing power in five months of 2024.

¹⁸ In the cumulative amount as of May 2023, ARS28 billion were allocated to the Compensation Fund for Urban and Suburban Public Motor Vehicle Passenger Transportation outside the AMBA.

¹⁹ It should be noted that, unlike SIPA (Argentine Integrated Pension System) pensions and non-contributory pensions, family allowances are not covered by the transition mechanism between the mobility formula of Law 27,609 and DNU 274/24, and therefore benefits have not been updated in April and May. In effect, the average benefit increased by 123% YoY, whereas average inflation was 278.5% YoY, resulting in a loss of purchasing power of 41.2%.

²⁰ According to information from E.Sidif, the number of Universal Child Allowances for active and inactive population increased from an average of 3.4 million in the first quarter of 2023 to 4.6 million in the same period of 2024 (data for April and May are not yet available).

²¹ The annual school allowance (paid in March of each year), increased from ARS9,609 in 2023 to ARS70,000 in 2024.

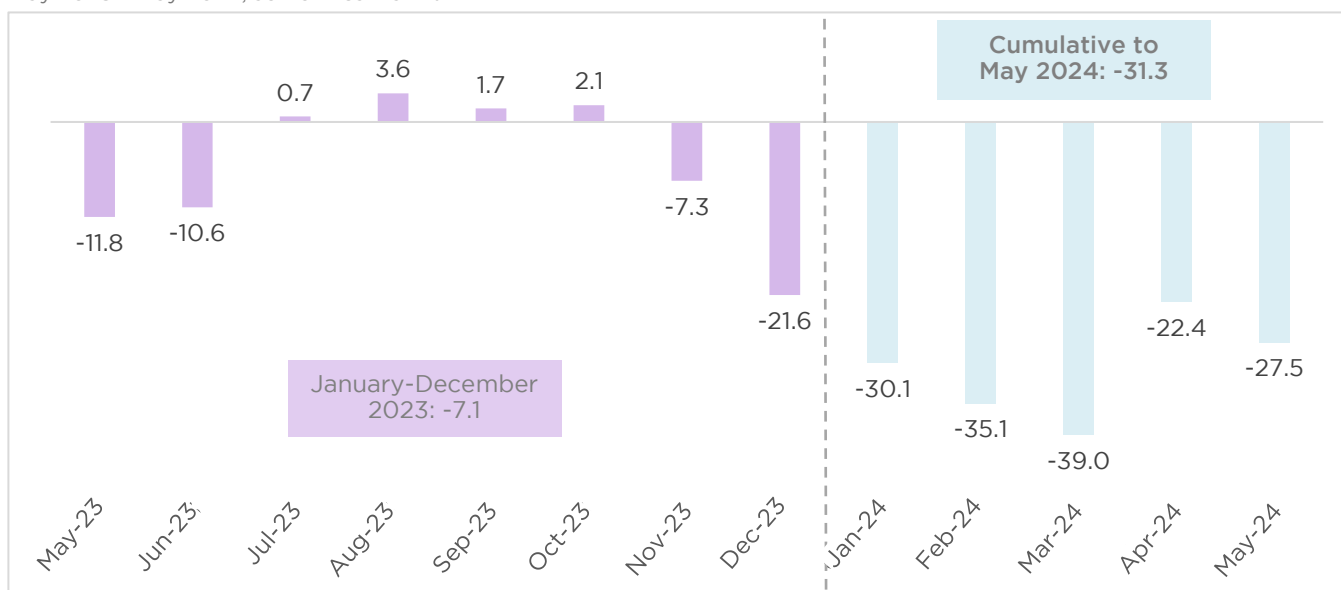
²² The average value of the Universal Child Allowance rose by 345% YoY, compared to an average inflation rate of 278.5%, which results in an increase in purchasing power of 17.6% YoY.

Concept (billions of ARS)	Incidence %	Main YoY variations
		On the other hand, there were increases in transfers to: <i>Correo Argentino</i> , ARS151.172 billion (47.9% YoY real), AYSA, ARS66.867 billion (16.8% YoY real) and <i>Casa de la Moneda</i> , ARS19.316 billion (100.0% YoY real).
Other current expenditures ARS368.628 -19.2% YoY real	0.0	There was no execution in items associated with the Socio-Urban Integration Fund or electoral expenses, while other current expenses were cut for the Higher Education Development program, ARS9.318 billion (-69.9% YoY). On the other hand, there were higher transfers from the Ministry of Health for operating expenses of SAMIC Hospitals, ARS174.732 billion (24.6% YoY real) and expenditures for public debt commissions, ARS40.785 billion (147.0% YoY real).
Interest ARS4,246.784 1.5% YoY real	0.2	Due to higher interest payments on securities in foreign currency issued within the framework of the debt restructuring process of September 2020 and IMF loans, offset by lower payments, in real terms, on securities in pesos.

SOURCE: OPC, based on E.Sidif data.

Figure 7. Year-on-year primary expenditures variation

May 2023 – May 2024, as YoY real var. %



SOURCE: OPC, based on E.Sidif data.

National Government Expenditure Execution Level

Table 4. Cumulative expenditure execution level

Cumulative to May 2024, in millions of ARS and execution %

Concept	Initial appropriation	Current appropriation	Accrued	Exec. %
Total expenditures	40,250,029	54,854,498	28,678,495	52.3
Current expenditures	37,174,662	51,760,927	28,209,221	54.5
Social benefits	19,607,552	28,145,948	15,246,156	54.2
Pensions	13,053,964	19,182,841	10,305,643	53.7
Family Allowances	1,570,493	3,004,459	1,845,450	61.4
Universal Child Allowance	702,360	1,720,425	1,055,480	61.3
Others	868,133	1,284,034	789,970	61.5
Non-contributory pensions	1,420,250	1,755,213	1,037,878	59.1
INSSJP benefits	394,730	459,751	292,055	63.5
Other social programs	3,168,114	3,743,684	1,765,129	47.1
<i>Potenciar/ Volver al Trabajo/Acomp. Social (*)</i>	1,017,665	1,038,309	530,531	51.1
Food Policies	731,699	830,879	700,855	84.4
<i>Progresar grants</i>	291,329	436,653	115,901	26.5
Others	1,127,421	1,437,843	417,842	29.1
Subsidies	4,281,968	5,790,752	3,277,183	56.6
Energy	2,806,409	3,609,409	2,354,884	65.2
Transportation	1,008,320	1,597,759	646,601	40.5
Other subsidies	467,238	583,583	275,698	47.2
Personnel expenses	4,387,714	5,887,364	3,450,167	58.6
Goods and services	1,094,220	1,403,466	518,412	36.9
Transfers to provinces	1,522,802	1,321,342	150,839	11.4
Transfers to universities	1,359,988	1,381,409	951,024	68.8
Other current expenditures	494,381	710,808	368,628	51.9
Interest (**)	4,426,037	7,119,837	4,246,784	59.6
Capital expenditures	3,075,367	3,093,570	469,274	15.2
Real direct investment	894,696	960,918	112,700	11.7
Capital transfers	2,106,866	2,058,848	356,258	17.3
Financial investment	73,804	73,804	316	0.4

As of the end of May, the current appropriation increased by 36.3% with respect to the initial appropriation for the fiscal year, which is the extension of the budget in effect as of December 31, 2023.

The budget increase of ARS14,604.469 billion was approved by two measures: DNU 280 in March for ARS14,483.403 billion and Administrative Decision 284 in May for ARS121.066 billion.

Total expenditures were 52.3% of the current budget, 16.3 percentage points above the level reached one year ago (36.0%). Current expenditures accrued 54.5% of their appropriation (vs. 36.8% as of May 2023), and capital expenditures executed 15.2% (27.2% as of May 2023).

The level reached by transfers to universities (68.8%), energy subsidies (65.2%), transfers to PAMI (63.5%) and family allowances (61.4%) stands out, with execution levels above 60%. Food Policies (84.4%) is the item with the highest level of execution among the other social programs.

At the other extreme are current transfers to provinces (11.4%) and capital expenditures (15.2%) with much lower execution levels with respect to total expenditures.

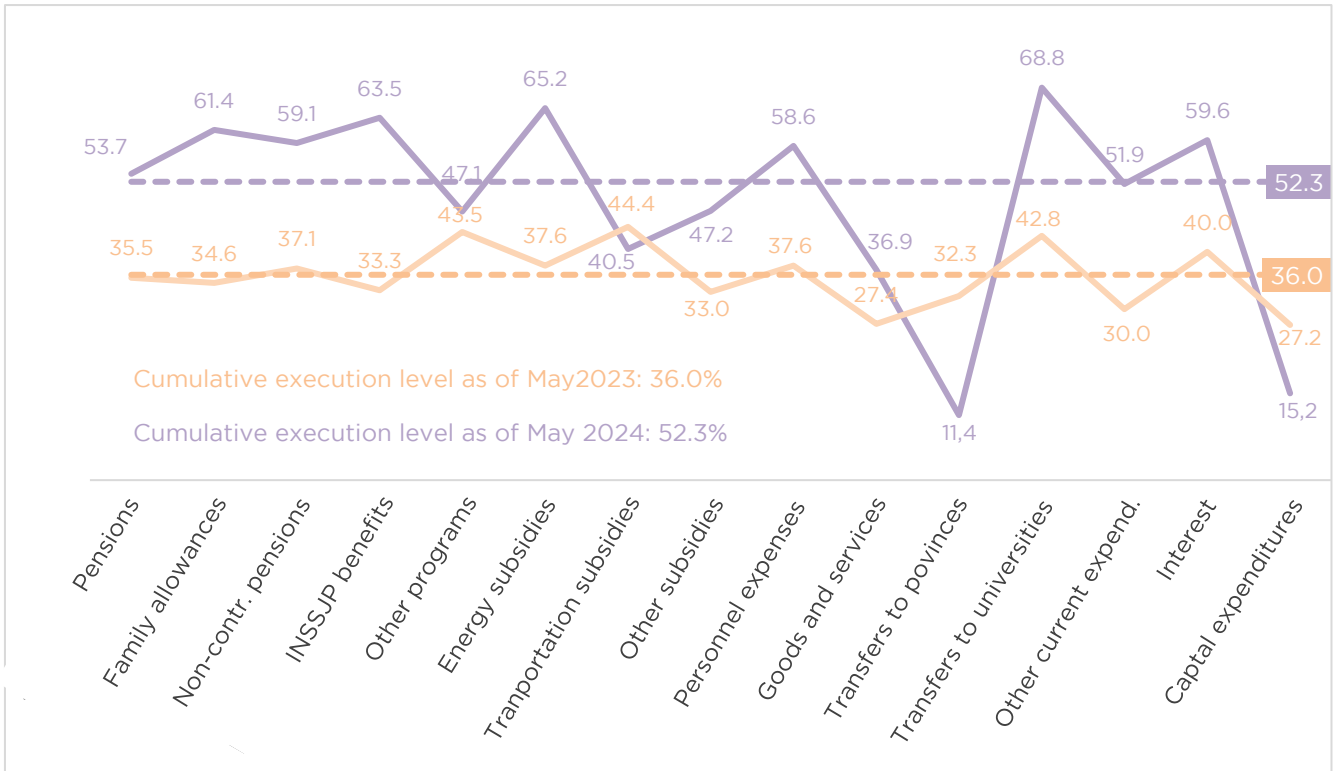
(*) Executive Order 198/2024 provided for the creation of the *Acompañamiento Social* and *Volver al Trabajo* programs, to which the holders of the *Potenciar Trabajo* program will be transferred.

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

SOURCE: OPC, based on E.Sidif data.

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

Cumulative to May 2023 and 2024, as variation % over current appropriation



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 June 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 the month of April 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 5.2%, 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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