



# ANALYSIS OF THE NATIONAL GOVERNMENT FINANCIAL REPORT 2020

**Director**

Marcos Makón

**Budget Analysis Directorate**

**Analysts**

Pablo Barousse - María Laura Cafarelli - Julieta Olivieri

**Director of Sustainability and Public Debt Analysis**

Mariano Ortiz Villafañe

**Analyst**

Federico Cuba

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## Executive Summary

The primary balance of the budgetary execution of the National Government for fiscal year 2020, which arises from comparing total resources against total expenditures, excluding interest on the debt, was negative by ARS394,785 million. Adding the interest on public debt, the deficit increased to ARS1,019,601 million.

Total revenue includes ARS1,606,983 million of profits transferred to the National Treasury from the Central Bank of the Argentine Republic (BCRA). Excluding those extraordinary resources, the primary deficit amounted to ARS2,001,768 million (7.3% of GDP<sup>1</sup>), with a deterioration of 6.6 percentage points (p.p.) with respect to the 2019 deficit (0.7% of GDP). Meanwhile, the financial balance showed an imbalance of ARS2,626,584 million (9.6% of GDP), reflecting a deterioration of 4.6 percentage points (p.p.) with respect to 2019.

A comparison of the execution with the initial approved appropriation showed that total revenue and total expenditure experienced deviations of 50.7% and 44.1%, respectively. Considering the lack of parliamentary approval of the Budget Law for the fiscal year 2020, an extension of the Budget Law for the fiscal year 2019 (Law 27,467) was applied, under the terms of Section 27 of Law 24,156<sup>2</sup>, by means of Executive Order 4/2020. The 2019 Budget was extended without adjustments, which is why during 2020, 23 budget amendments were approved to adjust the authorization of expenditures and the estimate of resources for fiscal year 2020. The approval of Law 27,561 in August increased the total initial appropriations by 64.1%.

The largest deviation in revenues was seen in property income (+198.1%), mainly because of financing from BCRA profits (+198.1%).

In terms of expenditures, current transfers recorded the largest gap between the initial appropriation and the final accrual (131.0%), driven by budget reinforcements related to COVID-19. These increases were partially offset by the reduction in debt interest (-35.0%).

As for outcomes (net of BCRA profits), the primary deficit forecast at the beginning of the fiscal year (ARS133,252 million) increased to ARS2,001,768 million, a deviation of 1,402.2%. Adding debt interest payments, the financial deficit (ARS2,626,584 million) was 140.0% higher than estimated at the beginning of the fiscal year.

Public Debt operations and Increase in Other Liabilities totaled ARS3,432,609 million, which was 30.1% (ARS1,476,065 million) below the initial budget, and Debt Amortization and Decrease in Other Liabilities amounted to ARS1,828,731 million, representing 46.6% (ARS1,597,286 million) below the initial appropriation.

The stock of domestic public debt measured in pesos increased by ARS8.9 trillion during the year, largely explained by a 40.5% increase in the exchange rate. Among the debt operations, the restructuring of debt denominated in foreign currency, both under domestic and foreign legislation, stood out. As a result of both operations, net debt fell by USD2,431 million.

In a comparison of execution in relation to that of 2019, it was observed that total revenue (net of BCRA profits) contracted 16.6% in real terms<sup>3</sup> year-on-year (YoY), primary expenditures increased 17.1% YoY, and interest on debt decreased 52.6% YoY.

<sup>1</sup> Gross Domestic Product: source INDEC (National Institute of Statistics and Census of Argentina)

<sup>2</sup> Section 27 of Law 24,156 provides that if at the beginning of the fiscal year the general budget has not been approved, the budget in effect during the previous year will apply, with certain adjustments to be made by the Executive Branch involving revenues and expenditures.

<sup>3</sup> For the calculation of real variations, the variation of the Consumer Price Index (CPI) of the National General Level (INDEC) is used as a deflator.

## Introduction

The National Government Financial Report is the basic instrument of annual accountability that the National Executive Branch (PEN – *Poder Ejecutivo Nacional*) submits to the National Congress on the annual budget execution and the situation of the public accounts.

Section 95 of Law 24,156 on Financial Administration and Control Systems of the National Public Sector (LAF) establishes that the General Accounting Office of the Nation must prepare the National Government Financial Report annually and submit it to the National Congress before June 30 of the year following the year to which such document relates<sup>4</sup>. On the other hand, Section 75, paragraph 8 of the National Constitution establishes that the National Congress must approve or reject it.

The National Government Financial Report for the fiscal year 2020 has been submitted to the National Congress within the term established by the regulations in force and is composed of two volumes. Volume I refers to the main methodological and conceptual aspects, as well as to the analysis of the execution of the National Budget, with explanations and tables, the Accounting Statements of the Central Administration, and the Net Assets of the rest of the National Public Sector. Volume II contains the Evaluation of Government Management Results according to the information prepared by the National Budget Office, in compliance with the provisions of Sections 43 and 95 of Law 24,156 as amended and supplemented. It includes the Physical-Financial Monitoring System, the Results by Programs and Projects by Institutional Order and a set of 120 programs with monitoring indicators, within the framework of the implementation of the Performance-Based Budget (PBB). It also includes a section on Cross-Cutting Policies, which analyzes the national budget in terms of gender policies and policies for children and adolescents.

This report analyzes the main aspects of the physical-financial execution of the National Government Budget contained in the National Government Financial Report for the fiscal year 2020. The analysis of the financial execution focuses on the comparison of the 2020 budget execution with the initial appropriation, which in this case refers to the extension of the 2019 Budget, based on the provisions of Executive Order 4/2020 and within the framework of Section 27 of the Financial Administration Law. The budget amendments approved during the fiscal year, the expenditures to face the effects produced by the COVID-19 pandemic and the details of the financial sources and applications are also presented. Finally, National Government employment and financing operations carried out in 2020 are included.

For physical execution, the 22 programs with the highest budgetary and institutional significance are analyzed, representing 66.2% of total accrued expenditure in 2020 and 92.0% of accrued expenditure in the Programs category.

<sup>4</sup> The same Section defines the minimum contents to be included in the National Government Financial Report: a) The budget execution statements of the National Government, as of the closing date of the fiscal year; b) The statements showing the transactions and situation of the Treasury of the central administration; c) The updated statement of the domestic, foreign, direct and indirect public debt; d) The accounting-financial statements of the central administration; e) A report presenting the consolidated financial management of the public sector during the fiscal year and showing the respective fiscal and financial operating balances. The National Government Financial Report shall also contain comments on a) The degree of compliance with the objectives and goals set forth in the budget; b) The behavior of the costs and efficiency indicators of public production; c) The financial management of the national public sector.

## A. Amendments to the extended Budget

At the beginning of the 2020 fiscal year, the extension of the 2019 budget without adjustments began to apply, so that during the year amendments were made to the calculation of revenues and to expenditure authorizations. The result of these amendments is the gap between the final and the initial appropriation.

A total of twenty-three budget amendments were approved: twenty were Administrative Decisions (DA), two Necessity and Urgency Decrees (DNU) and one Law<sup>5</sup>. Together, these measures increased the total budgeted expenditure by ARS2,902,529 million and revenues by ARS2,353,336 million, thus increasing the opening financial deficit by ARS549,193 million.

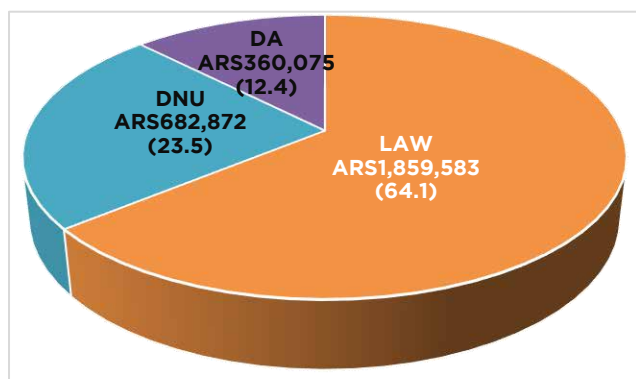
**Table 1. Differences between the initial and final appropriation**

2020, in millions of ARS and variation %.

Concept	Initial Appropriation	Final Appropriation	Differences	Variation %
I. Current Revenues	3,843,731	6,177,072	2,333,342	60.7
II. Current Expenditures	4,602,511	7,342,658	2,740,147	59.5
III. Fiscal Balance	-758,780	-1,165,586	-406,806	53.6
IV. Capital Revenues	126,060	146,055	19,995	15.9
V. Capital Expenditures	257,561	419,943	162,382	63.0
VI. Total Revenue	3,969,791	6,323,127	2,353,336	59.3
VII. Total Expenditure	4,860,072	7,762,601	2,902,529	59.7
VIII. Primary Expenditure	3,898,798	6,800,542	2,901,744	74.4
IX. Primary Balance (VI-VIII)	70,993	-477,414	-548,408	-772.5
X. Financial Balance (VI-VII)	-890,280	-1,439,473	-549,193	61.7
XI. Financial Sources	5,252,756	6,242,361	989,606	18.8
XII. Financial Applications	4,362,475	4,802,888	440,413	10.1

SOURCE: OPC, based on 2020 National Government Financial Report

The increase in expenditures (ARS2,902,529 million) represents 59.7% of the initial appropriation,



which relates to the appropriation in force as of December 31, 2019, extended for fiscal year 2020 based on the provisions of Executive Order 4/2020 and within the framework of Section 27 of the Financial Administration Law. Of this total, ARS1,859,583 million (64.1%) was increased through a law, ARS682,872 million through two Emergency and Necessity Decrees (23.5%), and the remaining ARS360,075 million (12.4%) was authorized through twenty Administrative Decisions.

<sup>5</sup> DA 2, DA 148, DA 347, DA 403, DA 426, DA 443, DA 458, DA 677, DNU 457, DA 885, DA 977, DA 1142, DA 1284, DA 1534, DA 1552, Law 27,561, DA 1770, DA 1983, DA 2069, DNU 975, DA 2186, DA 2239 and DA 2282.

On the one hand, current and capital expenditures added net reinforcements for ARS2,902,529 million (ARS2,740,147 million in current expenditures and ARS162,382 million in capital expenditures), which represents 59.7% of the authorizations carried forward from fiscal year 2019. Those reinforcements were partially financed by an increase of ARS2,353,336 million in the calculation of current and capital resources, which determined a deterioration in the financial deficit of ARS549,193 million, equivalent to 61.7% with respect to that recorded at the beginning of the fiscal year. The resulting higher deficit was expected to be covered by an increase in financial sources of ARS989,906 million (debt for ARS887,681 million), which covered not only the increase in the deficit, but also the required increase in financial applications for ARS440,413 million (debt amortizations for ARS422,293 million).

Section 37 of Law 24,156 on Financial Administration and Control Systems of the National Public Sector (LAF) establishes limits for the restructuring of the total amount approved in the Budget Law, as well as in the modification of the distribution of purposes and current expenditures to the detriment of capital expenditures or financial applications<sup>6</sup>.

In relation to those limits, the Law of Social Solidarity and Productive Reactivation in the Framework of the Public Emergency (Law 27,541), enacted at the end of December 2019, established in Section 86 that during the period of effectiveness of the law (December 31, 2020), and given the exceptional nature of the economic situation, the limits to carry out budget restructuring, originally provided for Fiscal Year 2017, are reestablished. In other words, the limit is extended in 2020 from 5% to 7.5% of the total amount approved in each Budget Law.

Subsequently, in May 2020, Section 4 of DNU 457 suspends during the fiscal year 2020 the application of the limits on budget restructuring established in Section 37 of Law 24,156 for those budget amendments required by virtue of the measures adopted within the framework of the health emergency (DNU 260/20).

Within this framework, the Budget amendments approved by the Chief of Cabinet of Ministers (JGM) during fiscal year 2020 did not exceed the new established limits. In the analysis of Section 37, only the amendments made by Administrative Decisions, issued by the Chief of Cabinet of Ministers, are considered, and the total amount approved is the initial appropriation in addition to the budgetary expansion approved by the Congress of the Nation through Law 27,561.

<sup>6</sup> This Section provides that "the Chief of Cabinet of Ministers may provide for the budgetary restructurings that he/she deems necessary within the total amount approved. Those restructurings shall not exceed seven-point five percent (7.5%) for the fiscal year 2017 and five percent (5%) for the fiscal year 2018 and following, of the total amount approved by each Budget Law, nor fifteen percent (15%) of the approved Budget by purpose, when it concerns increases in current expenditures to the detriment of capital expenditures or financial applications, or modifications in the distribution of purposes."

**Table 1. Budget amendments made by the Chief of the Cabinet of Ministers (JGM) within the framework of Section 37. Expenditure purposes.**

2020, in millions of ARS and %

Purpose	Total approved amount	Amendment Section 37	Section 37 - %
<b>Total expenditure</b>	6,719,655	163,090	2.4%
Government Management	356,202	1,174	0.3%
Defense and Security	254,800	1,977	0.8%
Social Services	4,204,678	133,524	3.2%
Economic Services	932,405	26,342	2.8%
Public Debt	971,570	73	0.0%

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

**Table 2. Budget amendments made by the JGM within the framework of Section 37. Expenditure economic nature**

2020, in millions of ARS and %

Economic nature	Total approved amount	Amendment Section 37	Section 37 - %
<b>Total expenditure</b>	6,719,655	163,090	2.4%
Current expenditures	6,336,260	199,714	3.2%
Capital expenditures	383,395	-36,623	-9.6%

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

Budget amendments made under Section 37 implied an increase in appropriations of ARS163,090 million. In terms of expenditures, social services increased the most (3.2%). In terms of economic classification, current expenditures increased by 3.2% and capital expenditures decreased by 9.6%.

## B. Budget execution

### B.1. Comparison with initial appropriation

#### I. Savings-Investment Account

Table 3 shows the 2020 Savings-Investment Account, which compares the executed amounts (revenues and expenditures) with the initial budget, which is the result of the extension of the 2019 Budget.



**Table 3. Savings-Investment Account. Comparison of final accrual with initial appropriation**

2020, in millions of ARS and %

Concept	Initial Appropriation	Execution	Deviation	
			ARS	%
<b>I. Current Revenues</b>	<b>3,843,731</b>	<b>5,893,123</b>	<b>2,049,392</b>	<b>53.3</b>
Tax Revenues	2,074,803	2,669,879	595,076	28.7
Social Security Contributions	1,072,657	1,318,698	246,041	22.9
Non-tax Revenues	75,084	96,385	21,302	28.4
Sale of Goods and Services	6,088	8,662	2,574	42.3
Property Income	601,786	1,794,028	1,192,242	198.1
Current Transfers	13,314	5,471	-7,843	-58.9
<b>II. Current Expenditures</b>	<b>4,602,511</b>	<b>6,647,340</b>	<b>2,044,829</b>	<b>44.4</b>
<b>Operating Expenditures</b>	<b>601,727</b>	<b>750,670</b>	<b>148,943</b>	<b>24.8</b>
Wages	454,835	580,591	125,756	27.6
Goods and Services	146,820	170,071	23,251	15.8
Others	72	9	-64	-88.1
<b>Interest and Other Property Income</b>	<b>961,468</b>	<b>624,942</b>	<b>-336,526</b>	<b>-35.0</b>
Interest	961,274	624,816	-336,458	-35.0
Other Income	194	126	-68	-35.0
<b>Social Security Benefits</b>	<b>1,888,927</b>	<b>2,614,841</b>	<b>725,914</b>	<b>38.4</b>
<b>Other Current Expenditures</b>	<b>111</b>	<b>210</b>	<b>99</b>	<b>89.8</b>
<b>Current Transfers</b>	<b>1,150,278</b>	<b>2,656,677</b>	<b>1,506,399</b>	<b>131.0</b>
To Private Sector	617,611	1,630,497	1,012,886	164.0
To Public Sector	526,771	1,020,071	493,299	93.6
To External Sector	5,895	6,109	213	3.6
<b>III. Fiscal Balance</b>	<b>-758,780</b>	<b>-754,217</b>	<b>4,563</b>	<b>-0.6</b>
<b>IV. Capital Revenues</b>	<b>126,060</b>	<b>88,705</b>	<b>-37,355</b>	<b>-29.6</b>
Own Capital Revenues	19,225	774	-18,450	-96.0
Capital Transfers	26,505	3,986	-22,519	-85.0
Decrease of Financial Investment	80,331	83,945	3,614	4.5
<b>V. Capital Expenditures</b>	<b>257,561</b>	<b>354,089</b>	<b>96,529</b>	<b>37.5</b>
Direct Real Investment	112,108	99,149	-12,959	-11.6
Capital Transfers	110,424	201,475	91,051	82.5
Financial Investment	35,028	53,465	18,437	52.6
<b>VI. Total Revenue</b>	<b>3,969,791</b>	<b>5,981,828</b>	<b>2,012,037</b>	<b>50.7</b>
<b>VII. Total Expenditure</b>	<b>4,860,072</b>	<b>7,001,429</b>	<b>2,141,358</b>	<b>44.1</b>
<b>VIII. Primary Expenditure</b>	<b>3,898,798</b>	<b>6,376,614</b>	<b>2,477,816</b>	<b>63.6</b>
<b>IX. Primary Balance (VI-VIII)</b>	<b>70,993</b>	<b>-394,785</b>	<b>-465,779</b>	<b>-656.1</b>
<b>X. Financial Balance (VI-VII)</b>	<b>-890,280</b>	<b>-1,019,601</b>	<b>-129,321</b>	<b>14.5</b>

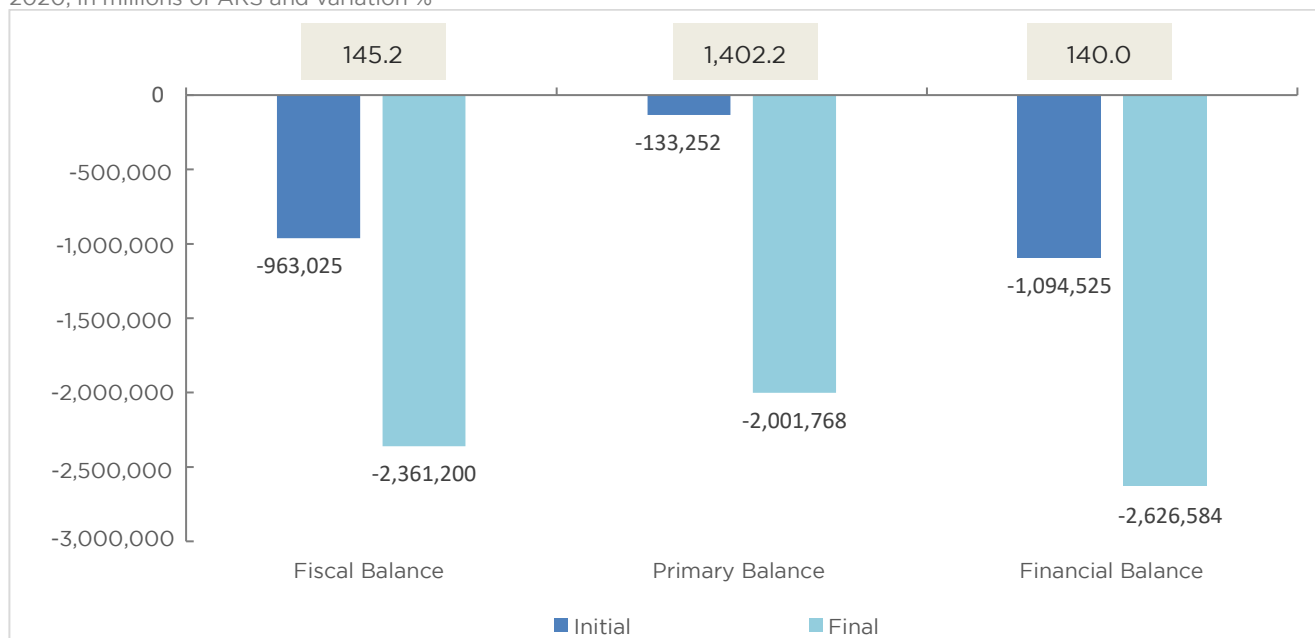
SOURCE: OPC, based on 2020 National Government Financial Report.

During 2020, total National Government revenue totaled ARS5,981,828 million, 50.7% higher than the initial estimate (ARS3,969,791 million). The Treasury received ARS1,606,983 million in profits transferred from the BCRA. Had these extraordinary resources not been received, total revenue (ARS4,374,845 million) would have shown a lower deviation of 16.2%.

Total expenditure totaled ARS7,001,429 million, which implied a deviation of 44.1% (ARS2,141,358 million). Primary expenditure accrued ARS6,376,614 million, 63.6% higher than the initial budget (ARS3,898,798 million). Contrary to this dynamic, in the payment of interest on debt, the execution recorded (ARS624,816 million) was 35.0% lower than the initial appropriation (ARS961,274 million).

As for balances, the primary deficit, net of BCRA profits (ARS2,001,768 million) was 1,402.2% higher than expected (ARS133,252 million). On the other hand, considering the reduction in interest payments (-35.0%), the financial deficit reached ARS2,626,584 million, 140.0% higher than that estimated at the beginning of the fiscal year.

**Figure 1. Outcomes (net of BCRA profits). Comparison between initial and final balance**  
2020, in millions of ARS and variation %



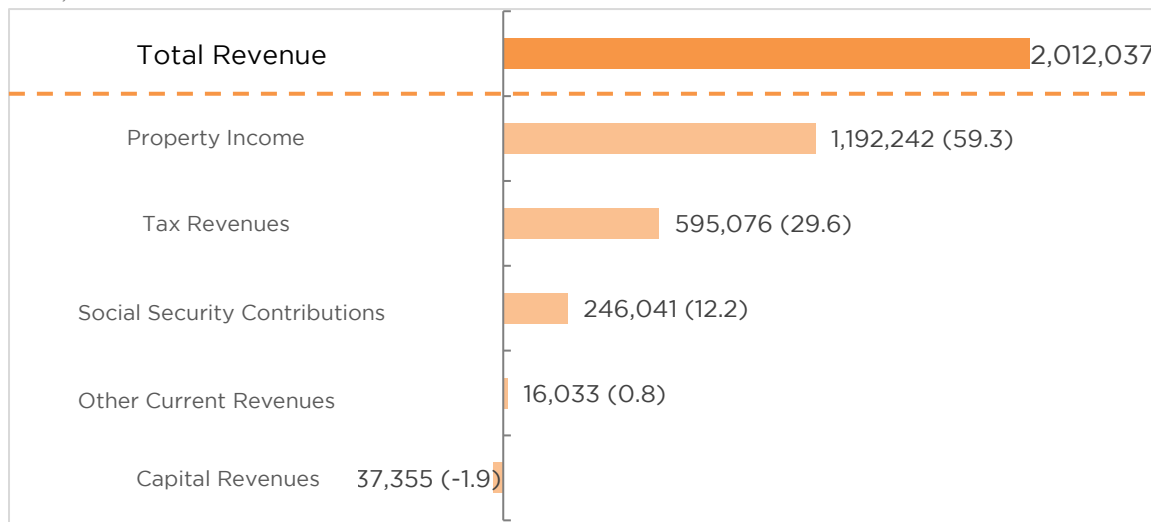
SOURCE: OPC, based on 2020 National Government Financial Report

### Revenue execution

Property income (ARS2,012,037 million additional to the level estimated at the beginning of the fiscal year) accounted for 59.3% of the higher revenues received (ARS1,192,242 million), which recorded a deviation of 198.1%, because of the transfer of profits from the Central Bank to the National Treasury totaling ARS1,606,983 million, for which an initial amount of ARS204,245 million had been estimated. In addition, tax revenues (ARS595,076 million) and Social Security Contributions (ARS246,041 million) contributed 29.6% and 12.2%, respectively. This performance was contrasted by the behavior of capital revenues (-ARS37,355 million), which had a negative deviation of 29.6%, mainly driven by the lower resources received from the Transportation Infrastructure System Trust Fund (-ARS22,175 million), and by the sale of goods, for which it had been estimated to receive ARS15,000 million but did not generate revenues during 2020.

**Figure 2. Total Revenue. Contribution to growth**

2020, in millions of ARS and %



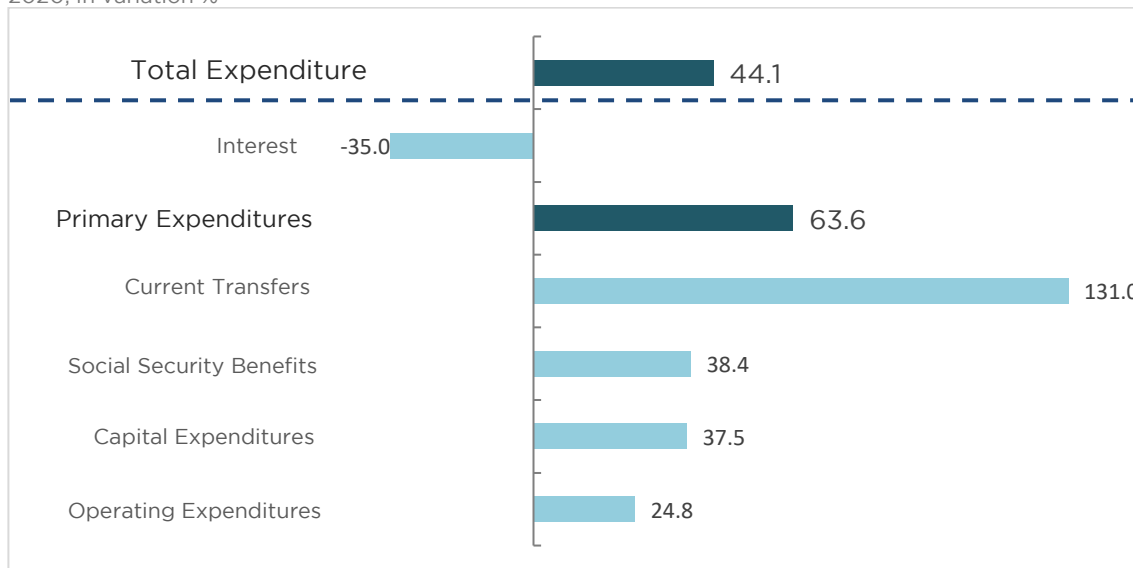
SOURCE: OPC, based on 2020 National Government Financial Report.

### Expenditure execution

Total accrued expenditure in 2020 increased by ARS2,141,358 million (44.1%) with respect to the initial budget. This evolution is composed of a reduction in debt interest (ARS336,458 million), which was 35.0% lower than projected, and an expansion in primary expenditure of ARS2,477,816 million (63.6%).

**Figure 3. Total Expenditure. Comparison between final accrual and initial appropriation**

2020, in variation %



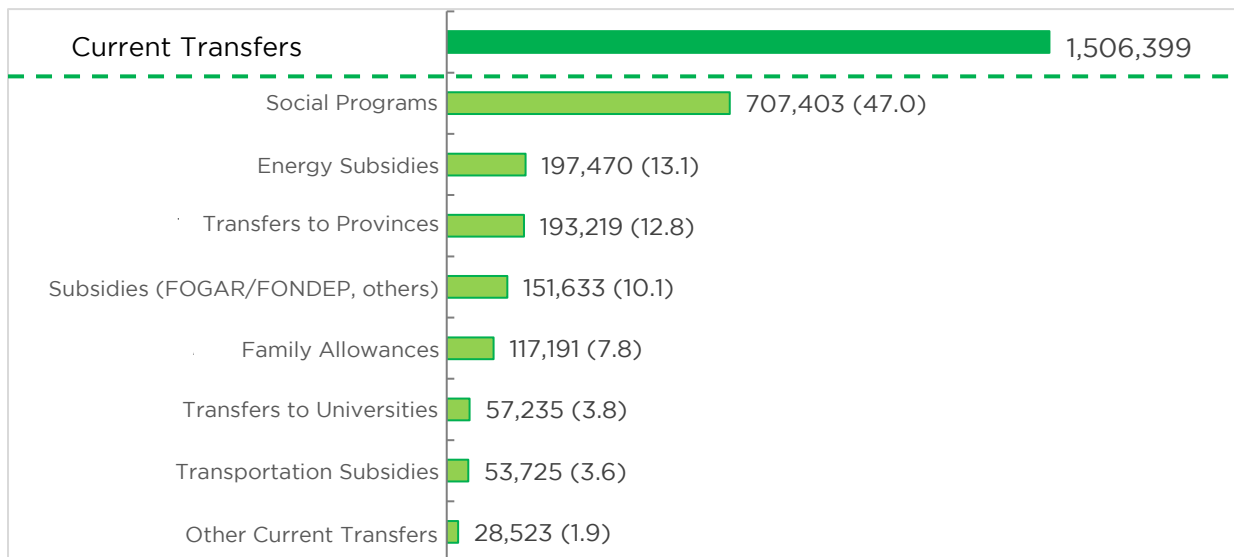
SOURCE: OPC, based on 2020 National Government Financial Report.

Figure 3 shows that the highest variation relates to expenditures for Current Transfers (131.0%), which increased by ARS1,506,399 million and accounted for 60.8% of the total deviation of primary

expenditure for fiscal year 2020. Likewise, disaggregating current transfers into their major components, significant deviations are observed in social programs, transfers to provinces and economic subsidies, in all cases influenced by the effect of the measures implemented to mitigate the effects of COVID-19.

**Figure 4. Current Transfers. Contribution to growth**

2020, in millions of ARS and %



SOURCE: OPC, based on 2020 National Government Financial Report

Social programs showed an increase of ARS707,403 million (504.3%), reflecting the impact of the implementation of the Emergency Family Income and the Supplementary Wage, which implied expenditures of ARS488,983 million. The increase of ARS100,965 million (1072.6%) in Food Policies and the remaining social assistance implemented within the framework of COVID-19 (a ARS5,000 bonus for health care personnel, among others) also had an impact.

Energy subsidies registered a deviation of ARS197,976 million (81.4%), almost entirely explained by higher transfers to *Compañía Administradora del Mercado Mayorista Eléctrico S.A. (CAMMESA)*, which went from a budget of ARS138,664 million to an expenditure of ARS323,078 million (+133.0%). On the other hand, transfers to *Integración Energética Argentina S.A. (IEASA)* were reduced by ARS6,517 million.

In other economic subsidies, there was an increase of ARS151,633 million (1134.2%), mainly related to increases in the Argentine Guarantee Fund (FOGAR) and the National Fund for Productive Development (FONDEP), totaling ARS118,972 million. To a lesser extent, there were also deviations in the transfers to *Agua y Saneamientos Argentinos S.A. (AYSA S.A.)* and *Correo Argentino* (ARS14,326 million and ARS6,591 million, respectively).

Transportation subsidies were ARS53,725 million higher than the initial appropriation, implying a variation of 66.8%. This increase is mainly explained by transfers to the Transportation Infrastructure System Trust Fund (FFSIT), which registered a variation of ARS33,515 million (90.8%). On the other hand, expenditures for the Railroad System showed a lower increase of ARS19,442 million (44.8%).

In addition, current transfers to the provinces during the fiscal year increased by ARS193,219 million, which represents 131.2% in relation to the initial budget. Within these transfers, the variations observed in two items stand out: Relations with Provinces and Regional Development (ATN)

(ARS64,365 million), and Financial Assistance to Provinces and Municipalities (ARS52,052 million). Transfers to the Fiscal Strengthening Fund of the Province of Buenos Aires for ARS 12,838 million also stand out.

Expenditures on Social Security benefits resulted in ARS725,914 million (38.4%) above the initial appropriation, and operating expenditures (ARS148,943 million) accrued 24.8% more than initially estimated.

Capital expenditures increased by ARS96,529 million (37.5%), mainly reflecting higher transfers (ARS91,051 million) to *Agua y Saneamientos Argentinos S.A.* (ARS29,938 million), *Integración Energética Argentina S.A.* (ARS11,575 million) and PROCREAR (ARS9,716 million), among others. On the other hand, financial investment increased by ARS18,437 million because of higher capital contributions made to *Aerolíneas Argentinas S.A.* (ARS20,138 million), and direct real investment decreased by ARS12,959 million.

## II. Physical-financial execution of selected programs

The National Government Financial Report includes, in Volume II, information related to the analysis of production and performance indicators, as provided for in Section 95 of the Financial Administration Law<sup>7</sup>.

In 2020, the National Government Budget showed the following structure according to budget categories<sup>8</sup>:

**Table 4. Budget execution and structure by programmatic category**

2020, in millions of ARS, quantity and %

Programmatic category	Accrued	Execution %	Quantity	Monitored	Monitored - %
Core and Common Activities	222,374	93.8	74	11	14.9
Programs	5,037,065	97.5	393	324	82.4
Other programmatic categories	1,741,990	73.9	33	0	0.0
<b>Total</b>	<b>7,001,429</b>	<b>90.2</b>	<b>500</b>	<b>335</b>	<b>67.0</b>

SOURCE: OPC, based on 2020 National Government Financial Report.

Table 5 shows that 71.9% of the total expenditure executed by the National Government belonged to the Program category, and the remaining 28.1% was concentrated in Core and Common Activities and Other Budgetary Categories.

Table 6 shows financial and physical information for 22 budgetary programs, selected for their budgetary and institutional significance. They account for 66.2% of total accrued expenditure in 2020 and 92.0% of accrued expenditure in the Program category, indicating the representativeness of the selected sample.

<sup>7</sup> Section 95 establishes that the National Government Financial Report must include comments on the degree of compliance with the objectives and goals set forth in the budget, the behavior of costs and efficiency indicators of public production and financial management of the National Public Sector.

<sup>8</sup> Core Activities condition all the programs of the network of budgetary actions of a sector or entity and the provision of goods and services by the Government. Common Activities condition two or more programs, but not all the programs of an entity or sector. Programs are the highest-level programmatic category in the budgeting process. They contribute to the achievement of public policy goals through the provision of goods and services and are generally composed of the aggregation of lower-level programmatic categories. Finally, Other Budget Categories are those not included in Core and Common Activities and Programs and are generally used to record transfers within the public sector.

**Table 5. Physical and financial execution of selected programs**

2020, in millions of ARS, physical units and %

Program	Financial execution		Physical execution		
	Accrued	Exec. % over Initial Appr.	Unit of Measurement	Execution	Exec. % over Initial Appr.
Pension Benefits	2,084,856	139.8	Retirees and pensioners covered	6,623,299	99.4
Health Emergency Assistance (*)	488,983	-	Benefits granted -Family Emergency Income (IFE) (*)	8,839,044	-
			Worker assisted with Supplementary Wage (ATP) (*)	2,330,083	-
Family Allowances	389,307	143.1	AUH beneficiaries	4,312,150	107.5
Formulation and Execution of the Electric Power Policy	327,562	233.0	% Of coverage of the Wholesale Electricity Cost through Tariffs Paid by Users	56	77.8
Higher Education Development	206,973	138.7	Graduated university student	92,241	99.3
Non-Contributory Pensions for Occupational Disability	163,307	127.7	Occupational disability pensions	1,028,040	99.5
Food Policies	133,234	523.1	Food cards	1,567,752	104.5
Production Financing	126,274	6,625.5	Companies Assisted with Rate Rebates (**)	580,726	-
<i>Potenciar Trabajo</i>	81,171	310.3	Cooperative members with social inclusion income	549,744	262.9
Non-Contributory Pensions (DNU 746/2017)	77,177	144.3	Pension for mothers of 7 or more children	302,664	102.2
Assistance to Ex-Provincial Funds	75,277	131.2	Retirees and pensioners covered	119,211	96.6
Social Security Benefits	73,833	132.0	Retirees and pensioners covered	82,289	99.7
Coordination of Road Transportation Policies	70,485	190.6	Number of trips in AMBA per working day	4,515,184	41.5
Formulation and Execution of Hydrocarbon Policy	62,673	122.8	Households benefited	2,115,429	78.0
Administration of Social Security Benefits for Federal Police, Airport Security Police, and others	53,015	133.5	Retirees and pensioners covered	58,129	100.5
Operational Readiness of the Army	38,237	126.4	Days of operational training in campaign	3	75.0
Prevention and Control of Immunopreventable Diseases	37,811	238.4	Doses of vaccines distributed	42,662,788	95.7
Health Care for Beneficiaries of Non-Contributory Pensions	37,072	165.2	Health Care Coverage to Pensioners and Family Groups	1,009,639	97.2
Construction of Highways	33,879	107.7	Kilometer constructed	33	9.9
Federal Security	29,587	125.8	Vehicle controlled per day	32,497	117.7
Human Resources Training	21,731	133.6	Trained grant holder	2,146	75.4
Housing and Urban Development Actions	20,985	98.7	Finished housing	6,512	27.9

(\*) IFE benefits and ATP-assisted workers are not physical targets in the budget tracking system. Data were extracted from <https://www.datos.gob.ar/dataset/jgm-ingreso-familiar-emergencia> y <https://www.datos.gob.ar/dataset/produccion-asistencia-emergencia-al-trabajo-produccion-atp>. The data for supplementary wages reflects the maximum number of assisted workers in April 2020.

(\*\*) Physical target included during fiscal year 2020.

SOURCE: OPC, based on 2020 National Government Financial Report

From a financial standpoint, these 22 Programs executed an expenditure of ARS4,633,428 million and in most cases more than the initial budget was accrued, mainly because at the beginning of fiscal year 2020 an extension of the 2019 budget was applied, with no adjustments. Similarly, from a physical standpoint, the execution percentage compares the physical execution of the fiscal year with the initial programmed goal, which was extended from fiscal year 2019.

### III. Execution of COVID-19 Expenditure

In the analysis of the budget execution for fiscal year 2020, it is necessary to consider the financial impact of the COVID-19 pandemic, which implied, among other consequences, an additional expenditure of ARS921,623 million (equivalent to 3.4% of GDP). Of this amount, ARS661,248 million were for new actions and the remainder (ARS260,375 million) was allocated to existing programs.

Table 7 shows the reinforcements that were allocated to mitigate the impact of COVID-19 (representing 31.9% of the total expenditure increase in 2020) and the executed expenditure:

**Table 6. Appropriation increases and expenditure execution related to COVID-19**

2020. in millions of ARS and as % of GDP

Concept	Reinforcement COVID-19	Accrued COVID-19
Emergency Family Income (IFE)	264,630	262,118
Supplementary Wages (AETP)	229,494	226,65
FOGAR and FONDEP	126,261	126,261
Actions of the Ministry of Health (includes vaccine procurement)	17,646	15,380
COVID-19 Fund for Public Transportation of Passengers	10,500	10,500
Modular Hospitals and other expenses	10,228	10,228
Assistance to Subnational Governments	3,223	1,716
Cultural Grants	2,082	2,082
<i>Argentina Hace</i>	4,530	4,428
<i>Volver a la Escuela</i>	1,900	1,384
Support to education in Homes (UNICEF Grant)	258	175
Assistance program for Argentines abroad	215	112
<b>Subtotal new actions COVID-19</b>	<b>670,967</b>	<b>661,248</b>
Relations with Provinces and Regional Development (ATN)	65,730	65,730
Financial Assistance to Provinces and Municipalities	50,000	50,000
Food Policies	42,788	42,788
Transfers to PAMI	29,000	23,007
Bonus of ARS5,000 for Healthcare Personnel	19,693	19,537
Bonus for Pensioners	9,500	9,500
Unemployment Insurance	6,800	6,800
Bonus for non-contributory pensions	3,200	3,200
Family Allowances (ARS3,000 AUH subsidy)	3,100	13,471
Financial Assistance Health Insurances	10,604	10,604
Bonus of ARS5,000 for Security Forces	430	430
Bonus of ARS5,000 for Armed Forces	407	407
Other Expenses	14,901	14,901
<b>Subtotal Pre-existing Items</b>	<b>256,153</b>	<b>260,375</b>
<b>Total Current and Capital Expenditures</b>	<b>927,119</b>	<b>921,623</b>
<b>As % of GDP</b>	<b>3.4</b>	<b>3.4</b>

SOURCE: OPC, based on 2020 National Government Financial Report



## IV. Financial Sources and Financial Applications

### Financial Sources

Public Debt and Increase in Other Liabilities totaled ARS3,432,609 million, which was 30.1% (ARS1,476,065 million) below the initial budget. This amount was composed of Public Debt and Loan operations for ARS2,013,263 million (58.7% of the total), an increase in Other Liabilities for ARS1,111,450 million (32.4%) and an increase in the enforceable debt for ARS307,896 million (9.0%).

**Table 7. Execution of Financial Sources**

2020, in millions of ARS and %

Concept	Initial Appropriation	Execution	Deviation	
			ARS	%
<b>Financial Sources</b>	<b>5,252,756</b>	<b>3,642,371</b>	<b>-1,610,384</b>	<b>-30.7</b>
<b>Decrease in Financial Investment</b>	<b>344,081</b>	<b>209,762</b>	<b>-134,319</b>	<b>-39.0</b>
Cash, Banks, and Temporary Investments	265,078	38,241	-226,837	-85.6
Other Financial Assets	79,003	88,396	9,393	11.9
Decrease in Contributions Receivable	N.B.	83,125	-	-
<b>Public Debt and Increased Liabilities</b>	<b>4,908,674</b>	<b>3,432,609</b>	<b>-1,476,065</b>	<b>-30.1</b>
Public Debt and Loans	3,854,044	2,013,263	-1,840,781	-47.8
Long-term foreign currency debt placement	1,858,447	497,143	-1,361,304	-73.2
Long-term domestic currency debt placement	1,073,260	1,284,615	211,354	19.7
Long-term loans	922,337	231,505	-690,832	-74.9
Other Liabilities	1,054,630	1,111,450	56,820	5.4
BCRA Temporary Advances	927,830	1,020,450	92,620	10.0
Other Short-Term Payables	126,800	91,000	-35,800	-28.2
Enforceable Debt	N.B.	307,896	-	-

N.B.: Not budgeted

SOURCE: OPC, based on 2020 National Government Financial Report

The most significant issuance of government securities was made in domestic currency (ARS1,284,615 million), mainly composed of Treasury Bills (ARS776,792 million), especially those with reference stabilization coefficient (CER) adjustment, followed by discount and variable rate bills.

Government securities placed in foreign currency (ARS497,193 million) were mostly composed of dollar linked BONTEs and bills placed with the BCRA. Direct placements were also made to the Sustainability Guarantee Fund (FGS) and to China Machinery Engineering Corporation (CMEA).

Long-term loans (ARS231,505 million) were mainly disbursed by the IDB (ARS109,859 million), and the remaining amount was provided by other multilateral and bilateral organizations, mainly the IBRD and the CAF.

As part of the Increase in Other Liabilities, there were gross placements of Central Bank Temporary Advances (ARS1,020,450 million), instruments related to the use of funds from the Single Treasury Account (CUT) (ARS71,000 million) and the Unified Fund of Official Accounts (FUCO) (ARS20,000 million).



## Financial Applications

Expenditures for Debt Amortization and Decrease in Other Liabilities totaled ARS1,828,731 million, 46.6% (ARS1,597,286 million) below the initial appropriation. Amortization of Public Debt and Loans amounted to ARS1,094,337 million (59.8% of the total) and Decrease in Other Liabilities amounted to ARS734,394 million (40.2%).

**Table 8. Execution of Financial Applications**

2020, in millions of ARS and %

Concept	Initial Appropriation	Execution	Deviation	
			ARS	%
<b>Financial Applications</b>	<b>4,362,475</b>	<b>2,622,770</b>	<b>-1,739,705</b>	<b>-39.9</b>
<b>Financial Investment</b>	<b>936,458</b>	<b>794,039</b>	<b>-142,419</b>	<b>-15.2</b>
<b>Cash, Banks, and Temporary Investments</b>	<b>77,170</b>	<b>347,945</b>	<b>270,775</b>	<b>350.9</b>
<b>Other Financial Assets</b>	<b>859,288</b>	<b>343,906</b>	<b>-515,382</b>	<b>-60.0</b>
<b>Decrease in Contributions Receivable</b>	<b>N.B.</b>	<b>102,188</b>	<b>-</b>	<b>-</b>
<b>Debt Amortization and Decrease in Other Liabilities</b>	<b>3,426,017</b>	<b>1,828,731</b>	<b>-1,597,286</b>	<b>-46.6</b>
<b>Public Debt and Loans</b>	<b>2,687,799</b>	<b>1,094,337</b>	<b>-1,593,462</b>	<b>-59.3</b>
Amortization of long-term foreign currency debt	1,601,172	128,726	-1,472,446	-92.0
Amortization of long-term domestic currency debt	856,653	726,741	-129,912	-15.2
Amortization of long-term loans	163,056	174,857	11,801	7.2
Cancellation of non-financial debt in domestic currency	66,919	64,013	-2,905	-4.3
<b>Decrease in Other Liabilities</b>	<b>738,218</b>	<b>734,394</b>	<b>-3,824</b>	<b>-0.5</b>
Repayment of BCRA advances	502,730	612,730	110,000	21.9
Decrease in other long-term accounts payable	152,188	39,364	-112,824	-74.1
Decrease in other short-term payables	83,300	82,300	-1,000	-1.2

N.B.: Not budgeted

SOURCE: OPC, based on 2020 National Government Financial Report

As for debt amortization, most of maturities were related to securities in domestic currency (ARS726,741 million), including the payment of bills such as LECAP, Badlar, and bills directly subscribed by the FGS. As for bond amortizations, the cancellation of BOTE, BOTAPO, BONCER and BOGATO stood out. The amortization of foreign currency securities amounted to ARS128,726 million, mainly composed of the amortization of the BONAR DUAL 2020. As for the amortization of long-term loans, ARS144,856 million were in foreign currency, and the cancellations of debts with the IDB, CAF and IBRD stood out. Additionally, long-term loans in domestic currency were repaid in the amount of ARS30,000 million related to financing with the Bank of the Argentine Nation (BNA).

The decrease in Other Liabilities (ARS734,394 million) was mainly explained by the gross repayments of Temporary Advances from the Central Bank (ARS612,730 million), to which is added the decrease in Other Accounts Payable (ARS39,364 million), composed of financial applications for various programs, and the decrease in Short-Term Payable (ARS82,300 million) for repayments of the CUT and the FUCO.

## B.2. Comparison with the execution of fiscal year 2019

### I. Savings-Investment Account

**Table 9. Savings-Investment Account**

2019-2020, in millions of ARS and YoY nominal and real variation %

Concept	2019	2020	Variation	
			YoY Nominal variation %	YoY Real variation %
<b>I. Current Revenues</b>	<b>3,839,369</b>	<b>5,893,123</b>	<b>53.5</b>	<b>8.1</b>
Tax Revenues	2,081,416	2,669,879	28.3	-9.7
Social Security Contributions	1,055,093	1,318,698	25.0	-12.0
Non-tax Revenues	116,576	96,385	-17.3	-41.8
Sale of Goods and Services	7,336	8,662	18.1	-16.9
Property Income	556,129	1,794,028	222.6	127.2
Current Transfers	22,820	5,471	-76.0	-83.1
<b>II. Current Expenditures</b>	<b>4,477,159</b>	<b>6,647,340</b>	<b>48.5</b>	<b>4.5</b>
Operating expenditures	<b>580,122</b>	<b>750,670</b>	<b>29.4</b>	<b>-8.9</b>
Wages	448,851	580,591	29.4	-8.9
Other operating expenditures	131,271	170,080	29.6	-8.8
Interest and other Property Income	<b>927,759</b>	<b>624,942</b>	<b>-32.6</b>	<b>-52.6</b>
Interest	927,595	624,816	-32.6	-52.6
Other Property Income	164	126	-23.0	-45.8
Social Security Benefits	<b>1,864,985</b>	<b>2,614,841</b>	<b>40.2</b>	<b>-1.3</b>
Current Transfers	<b>1,104,156</b>	<b>2,656,677</b>	<b>140.6</b>	<b>69.4</b>
To Private Sector	602,040	1,630,497	170.8	90.7
To Public Sector	496,303	1,020,071	105.5	44.7
To External Sector	5,813	6,109	5.1	-26.0
Other Current Expenditures	<b>137</b>	<b>210</b>	<b>53.4</b>	<b>8.0</b>
<b>III. Fiscal Balance</b>	<b>-637,790</b>	<b>-754,217</b>	<b>18.3</b>	<b>-16.7</b>
<b>IV. Capital Revenues</b>	<b>56,830</b>	<b>88,705</b>	<b>56.1</b>	<b>9.9</b>
<b>V. Capital Expenditures</b>	<b>284,930</b>	<b>354,089</b>	<b>24.3</b>	<b>-12.5</b>
Direct Real Investment	155,555	99,149	-36.3	-55.1
Capital Transfers	99,170	201,475	103.2	43.1
Financial Investment	30,206	53,465	77.0	24.6
<b>VI. Total Revenue</b>	<b>3,896,199</b>	<b>5,981,828</b>	<b>53.5</b>	<b>8.1</b>
<b>VII. Total Expenditure</b>	<b>4,762,089</b>	<b>7,001,429</b>	<b>47.0</b>	<b>3.5</b>
<b>VIII. Primary Expenditure</b>	<b>3,834,494</b>	<b>6,376,614</b>	<b>66.3</b>	<b>17.1</b>
<b>IX. Primary Balance (VI-VIII)</b>	<b>61,705</b>	<b>-394,785</b>	<b>-739.8</b>	<b>-550.5</b>
<b>X. Financial Balance (VI-VII)</b>	<b>-865,890</b>	<b>-1,019,601</b>	<b>17.8</b>	<b>-17.1</b>

SOURCE: OPC, based on 2020 National Government Financial Report

### Revenue Execution

During 2020, total revenue increased in real terms by 8.1% YoY, mainly driven by property income, which included transfers of profits from the BCRA for ARS1,606,983 million. Excluding these extraordinary resources, and in the framework of an economic context impacted by the COVID-19

pandemic, which generated lower tax revenues and regulatory modifications with special incidence on Social Security resources, total revenues would have shown a contraction of 16.6% YoY.

Tax revenues showed a decrease in real terms of 9.7% YoY. The items that recorded the largest decrease were Export Duties and Value Added Tax. The performance of Export Duties (-32.1% YoY) was mainly influenced by the advance of operations occurred towards the end of 2019, when many exporters foresaw rate changes, which originated a higher comparison base. It was also influenced by the retraction of foreign trade that took place in the context of the COVID-19 pandemic on the world economy. With respect to VAT (-13.5% YoY), its behavior was mainly the result of the reduction in economic activity and consumption. Additionally, tax collection was affected by the reimbursement system established by Law 27,541 on Social Solidarity and Productive Reactivation and by the reduction of direct payments, withholdings, and collections attributable to the lower economic activity because of the health crisis.

On the other hand, the amounts received for Import Duties, Debits and Credits in Current Accounts and Income Tax showed more moderate contractions of 12.6% YoY, 9.6% YoY and 6.7% YoY, respectively.

Counteracting this dynamic, in fiscal year 2020, ARS83,225 million were collected from the PAIS Tax, which was established by Law 27,541 of Social Solidarity and Productive Reactivation within the framework of the Public Emergency. In addition, this Law provided for changes in the rates and in the scale of the Wealth Tax (362.4% YoY), which together with the payment on account for the holding of assets located abroad, and the increase in the nominal exchange rate which broadened the taxable base with respect to those assets, explained the behavior of the PAIS Tax.

Resources from Social Security (-12.0% YoY) were influenced by the evolution of taxable remunerations and the deterioration in the labor market<sup>9</sup> and to the measures implemented by the National Government to mitigate the economic effects of the health crisis, among which the reduction or postponement of the payment of employer contributions for those sectors of the activity affected stands out<sup>10</sup>.

Property income, the only item with a positive variation (+127.2% YoY) within current revenues, included profits from the BCRA (ARS1,606,983 million) with a real increase of 454.0% YoY (ARS204,245 million). On the other hand, there was a lower income from the Sustainability Guarantee Fund (FGS) (-61.9% YoY), mainly because of the deferral of interest payments and reduction of rates on securities held by the FGS, and the suspension of interest payments on ANSES loans. In addition, in the year under analysis, there were no income from the Bank of the Argentine Nation (BNA), which had reached \$15,000 million in 2019.

Finally, the performance of capital revenues (+9.9% YoY) was mainly the result of the sale of assets from the FGS of ANSES.

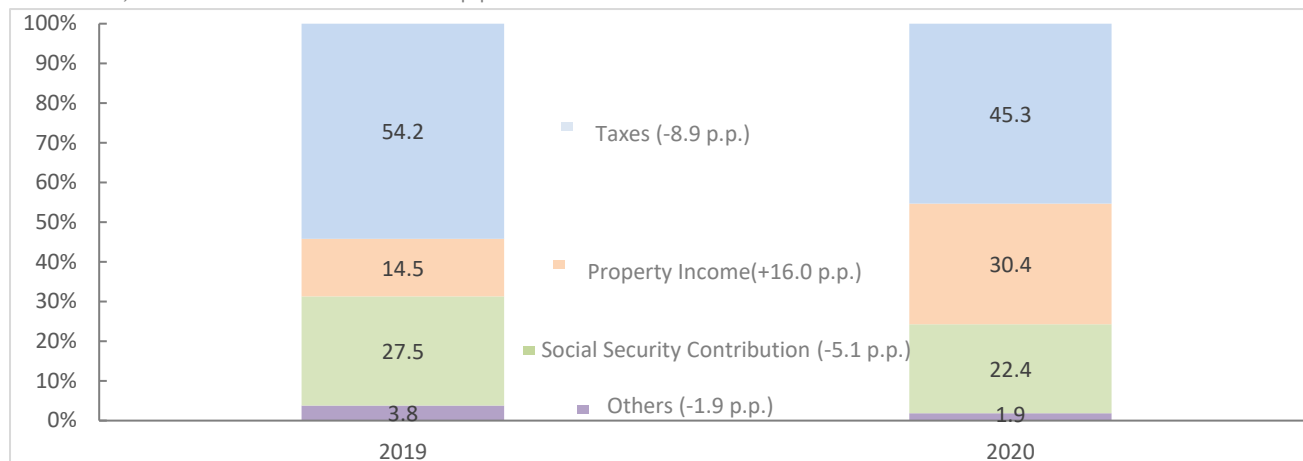
Disaggregating current revenue into their main items, we observe a drop of 8.9 p.p. in the share of tax revenues, and another of 5.1 p.p. in resources from Social Security. On the other hand, the share of property income doubled (+16.0 p.p.) with respect to the previous year. This behavior is the result of the greater distribution of profits from the Central Bank to the Treasury and of the falls in tax resources and in contributions to the social security system.

<sup>9</sup> According to the data published by the Ministry of Labor, Employment and Social Security, the Average Taxable Remuneration of Stable Workers (RIPTTE) average for 2020 a contraction in real terms of 1.1% with respect to 2019. On the other hand, according to the information published by the same Ministry, based on the SIPA (AFIP), the number of registered workers fell 2.1% YoY in the same term.

<sup>10</sup> Executive Order 300/20, Executive Order 545/20, Executive Order 695/20, DNU 332/20, DNU 376/2020 and Administrative Decision 747/20.

**Figure 5. Composition of Current Revenues 2019-2020**

2019-2020, in % of share and difference in p.p.



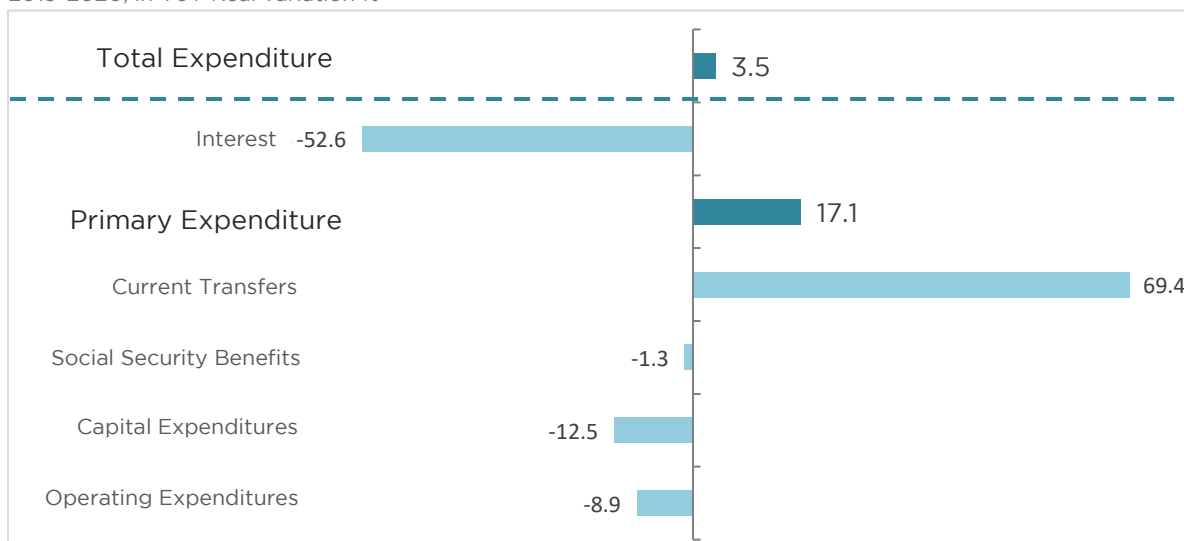
SOURCE: OPC, based on 2020 National Government Financial Report and INDEC.

### Expenditure execution

In 2020, total expenditure accrued ARS7,001,429 million and showed a real increase of 3.5% YoY. Primary expenditure (ARS6,376,614 million) increased by 17.1% YoY, and debt interest (ARS624,816 million) fell by 52.6% YoY.

**Figure 6. Expenditure variation 2019-2020**

2019-2020, in YoY Real variation %



SOURCE: OPC, based on 2020 National Government Financial Report

Within primary expenditure, the real increase of 69.4% YoY in current transfers stands out, reflecting the economic assistance to families, companies and provinces implemented by the National Government within the framework of the economic and health emergency. In fact, the set of measures related to COVID-19 implied an accrued expenditure of around ARS921,623 million, without which primary expenditure would have shown a slight expansion of 0.2% YoY. On the other hand, operating expenditures, social security benefits and capital expenditures fell by 8.9% YoY, 1.3% YoY and 12.5% YoY, respectively.

Current transfers, which amounted to ARS2,656,677 million, included social programs, current transfers to provinces and economic subsidies, with real variations of 340.8% YoY, 81.6% YoY and 61.6% YoY, respectively.

Within social programs (ARS847,671 million), the impact of the implementation of the Emergency Family Income and the Supplementary Wage stands out, which implied expenditures of ARS488,983 million. Likewise, among the most significant items, expenditures in the Food Policies program (ARS82,960 million) and *Potenciar Trabajo* (ARS110,378 million) stood out, with real variations of 774.3% YoY and 10.9% YoY, respectively.

On the other hand, economic subsidies (ARS739,354 million) recorded a deviation of 61.6% YoY, explained by variations in all their components: energy (32.8% YoY), transportation (17.4% YoY) and other functions (630.7% YoY).

In energy subsidies (ARS440,189 million), the 35.1% variation is mainly explained by higher transfers to *Compañía Administradora del Mercado Mayorista Eléctrico S.A.* (CMMESA), which increased by 64.1% YoY. This dynamic was partially offset by the transfers to *Integración Energética Argentina S.A.* (IEASA), which decreased 24.1% YoY.

Transportation subsidies totaled ARS134,162 million, implying a variation of 17.4%. This increase is mainly explained by transfers to the Transportation Infrastructure System Trust Fund (FFSIT) and those allocated to the Railroad System, with real variations of 34.4% YoY and 3.1% YoY, respectively.

As for the remaining economic subsidies (ARS165,003 million, +849.5% YoY), allocations to the Argentine Guarantee Fund (FOGAR) and the National Fund for Productive Development (FONDEP) stand out, for an amount of ARS120,875 million (compared to the ARS1,900 million executed in 2019).

Transfers to provinces and municipalities accounted for 12.8% of current transfers and increased 81.6% YoY in real terms. In terms of amounts, the Financial Assistance to Provinces and Municipalities (ARS82,351 million), with an increase of 175.7% YoY, and Relations with Provinces and Regional Development (ARS68,894 million), with an increase of 1,349.9% YoY, stood out.

In addition, transfers in Family Allowances, including the Universal Child Allowance (AUH) totaled ARS340,514 million with a contraction of 13.3% YoY, and those to universities (ARS205,890 million) decreased by 2.4% YoY.

In operating expenditures, government wages accounted for 77.3% of the item and fell 8.9% YoY, mainly because wage increases granted in the framework of joint negotiations were unable to offset the inflation rate for 2020.

Within Social Security Benefits, which totaled ARS2,614,841 million, there was a real contraction of 1.3% YoY, mainly explained by the fact that the updating of social security benefits, by Executive Order, was below inflation.

On the other hand, debt interest payments (ARS624,816 million) fell by 52.6% YoY in real terms.

Finally, capital expenditures totaled ARS354,089 million, with a real decrease of 12.5% YoY. With respect to its components, the decrease in direct real investment (ARS99,149 million) of 55.1% YoY, especially in the function "transportation" (ARS134,207 million), which fell 64.2% YoY in real terms, stood out. On the other hand, capital transfers (ARS201,475 million) increased 43.1% YoY, with those made in the functions Potable Water and Sewerage (138.5% YoY) and Energy (108.1% YoY) standing out for their amounts. The increase of 24.6% YoY in financial investments is attributable to the function transportation, which includes capital contributions to *Aerolíneas Argentinas S.A.*

### B.3. Comparison between the National Government Financial Report and the OPC Budget Execution Report

As of the publication of the 2020 National Government Financial Report (NGFR), we can compare the figures provided in this document with those published in the Annual Execution Report prepared by the Argentine Congressional Budget Office (OPC), whose figures are provisional.

**Table 10. Comparison between the National Government Financial Report and the OPC Budget Execution Report**

2020. in millions of ARS and %

Concept	I. NGFR	II. OPC report (*)	Differences (I-II)
<b>Total Revenue</b>	<b>5,981,828</b>	<b>5,976,628</b>	<b>5,200</b>
Current Revenues	5,893,123	<b>5,889,310</b>	<b>3,813</b>
Capital Revenues	88,705	<b>87,318</b>	<b>1,387</b>
<b>Total Expenditure</b>	<b>7,001,429</b>	<b>6,983,189</b>	<b>18,240</b>
Current Expenditures	6,647,340	<b>6,629,268</b>	<b>18,072</b>
Capital Expenditure	354,089	<b>353,920</b>	<b>169</b>
<b>Primary Balance</b>	<b>-394,785</b>	<b>-400,007</b>	<b>5,222</b>
<b>Financial Balance</b>	<b>-1,019,601</b>	<b>-1,006,561</b>	<b>-13,040</b>

(\*) Cut-off date: 01/06/2020.

SOURCE: OPC, based on 2020 National Government Financial Report and 2020 OPC Budget Execution Report.

Although the final data are those published in the National Government Financial Report, there are small differences that can be explained mainly by the different cut-off dates on which the information is taken from the E.Sidif (Integrated Financial Information System)

## C. National Government Employment

As of December 2020, the National Government had 393,960 employees, of which 84.1% (331,228 employees) were employed in permanent and temporary positions, and the rest, 62,732 employees, worked under the contractual modality of Executive Order 1,421/2002.

**Table 11. National Government Employment**

2020, in number of employees

Sector	Permanent and Temporary	Contracts E.O.1421/02	Total dic-20
Executive Branch	285,206	62,732	347,938
Judicial Branch	22,264		22,264
Legislative Branch	16,371		16,371
Public Prosecutor's Office	7,387		7,387
<b>Total</b>	<b>331,228</b>	<b>62,732</b>	<b>393,960</b>

SOURCE: OPC, based on 2020 National Government Financial Report.

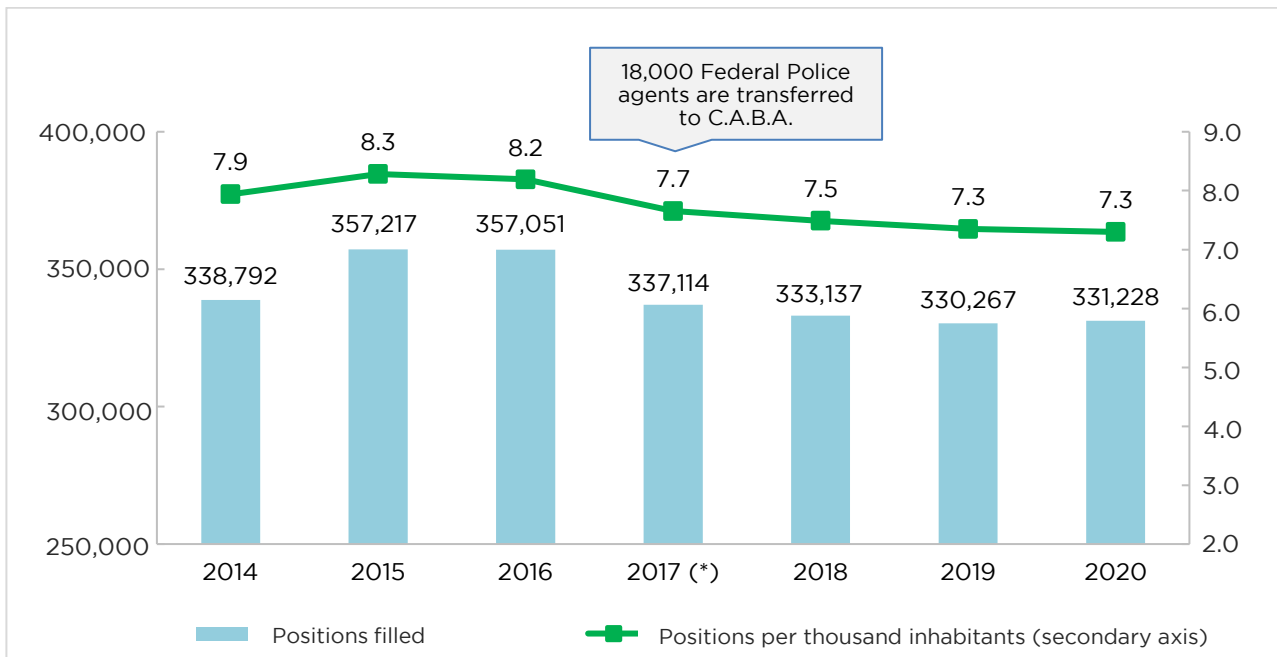
### C.1. Permanent and temporary positions

The permanent and temporary positions filled (331,228 employees) at the end of 2020 were 0.3% higher than the same month in 2019 (+961 employees). This increase was verified within the Executive Branch, which concentrated 86.1% of total employment. Those employees working in the Judicial Branch accounted for 6.7% of the total, and the rest was distributed between the Legislative Branch and the Public Prosecutor's Office, with shares of 4.9% and 2.2%, respectively.

The ratio of employment to the number of inhabitants, 7.3% of permanent and temporary positions per thousand inhabitants was observed, the same ratio as in the previous fiscal year.

**Figure 7. Evolution of permanent and transitory positions**

2014-2020, in number and % positions per thousand inhabitants



(\*) For comparative purposes, the positions filled in the National Legislative Branch and in the National Public Defender's Office are those funded by DA 12/2017, given the lack of data in the 2017 National Government Financial Report. In 2017, about 18,000 Security and Defense agents of the Argentine Federal Police were transferred to the Autonomous City of Buenos Aires.

SOURCE: OPC, based on the National Government Financial Report for each fiscal year and INDEC.

Military personnel (85,725) and Security and Defense personnel (110,852) accounted for 59.3% of total employment, with the remainder (40.7%) being civilian personnel.

Therefore, the Ministries of Defense and Security accounted for more than half of the permanent and temporary employees (61.1%). The rest of employees (38.9%) was distributed among 23 different sectors.

**Table 12. Permanent and temporary positions by institutional sector**

2020, in number of positions and %

Sector	Civilian	Armed Forces	Total	%
Ministry of Defense	19,506	85,992	105,498	31.9
Ministry of Security	2,292	94,674	96,966	29.3
National Judicial Branch	22,264		22,264	6.7
Ministry of Justice and Human Rights	1,630	15,911	17,541	5.3
National Legislative Branch	16,371		16,371	4.9
Ministry of Labor, Employment, and Social Security	14,579		14,579	4.4
Ministry of Science, Technology, and Innovation	14,128		14,128	4.3
Ministry of Agriculture, Livestock and Fisheries	8,893		8,893	2.7
Public Prosecutor's Office	7,387		7,387	2.2
Ministry of Health	5,655		5,655	1.7
Ministry of Productive Development	3,397		3,397	1.0
Ministry of Internal Affairs	2,793		2,793	0.8
Ministry of Transportation	2,223		2,223	0.7
Min. of Foreign Affairs, International Trade and Worship	1,882		1,882	0.6
Ministry of Economy	1,772		1,772	0.5
Office of the President of the Nation	1,608		1,608	0.5
Ministry of Social Development	1,527		1,527	0.5
Ministry of the Environment and Sustainable Development	1,501		1,501	0.5
Office of the Chief of the Cabinet of Ministers	1,238		1,238	0.4
Ministry of Culture	1,224		1,224	0.4
Ministry of Public Works	1,218		1,218	0.4
Ministry of Education	1,078		1,078	0.3
Ministry of Tourism and Sports	303		303	0.1
Ministry of Territorial Development and Habitat	98		98	0.0
Ministry of Women, Genders and Diversity	84		84	0.0
<b>Total</b>	<b>134,651</b>	<b>196,577</b>	<b>331,228</b>	<b>100.0</b>

SOURCE: OPC, based on 2020 National Government Financial Report

## C.2. Personnel under contractual modality in the National Executive Branch

Unlike previous years, 2020 National Government Financial Report includes the number of employees under contractual modality under Executive Order 1,421/2002. These contracts are governed by the rules of Law 25,164, Framework Law for the Regulation of National Government Employment, where the contracted personnel are equated to the permanent personnel of the agency where they work<sup>11</sup>, are subject to personal contributions and employer's contributions and are budgeted under item 1 (Personnel Expenses), category 8 (Contracted Personnel)<sup>12</sup>.

During 2020, it was observed that in more than half of the sectors that are part of the Executive Branch, the number of personnel under contractual modality exceeded the number of permanent employees. The relative weight of those contracted in the Ministry of Women, Gender and Diversity

<sup>11</sup> In accordance with Administrative Decision 3/2004, the remuneration of these contracts is equivalent to the level or category of the scale applicable to the permanent personnel of the contracting sector or decentralized agency to which it pertains, depending on the type of functions to be performed.

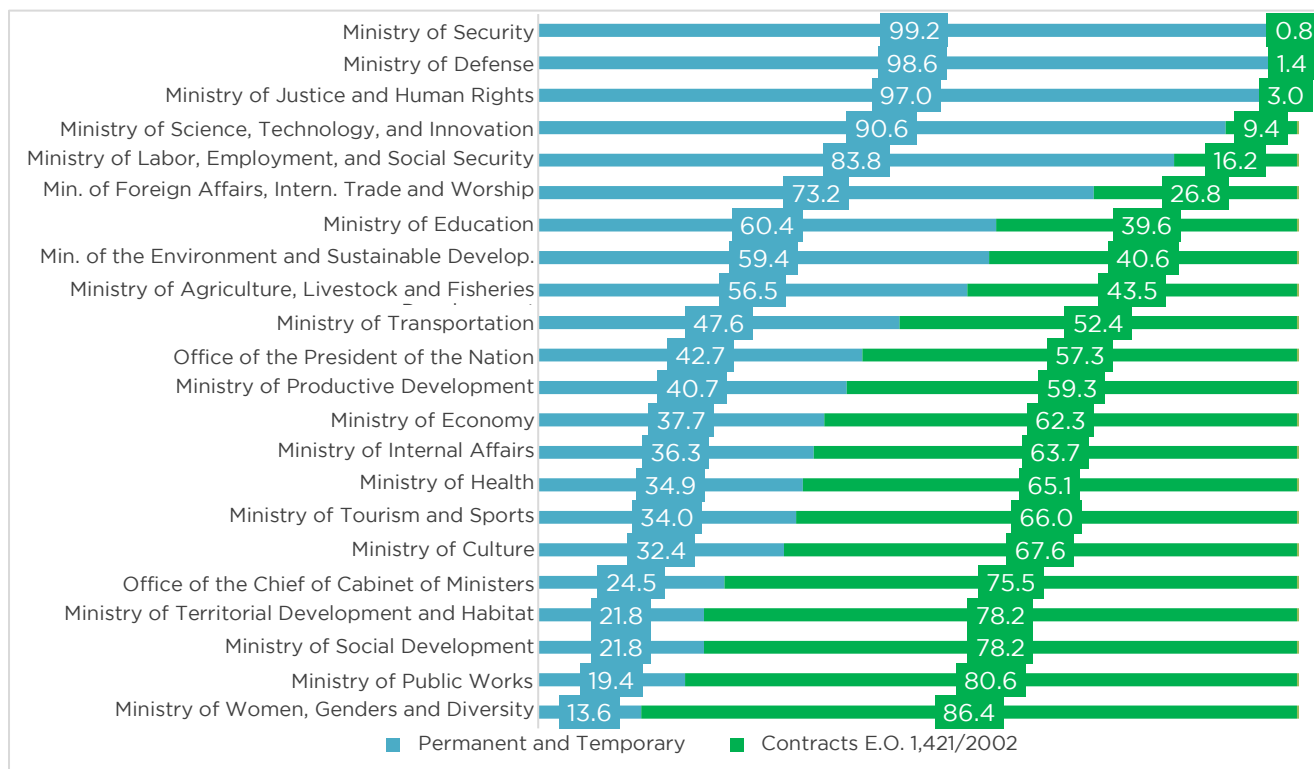
<sup>12</sup> In accordance with Resolution 136/2004 of the Secretariat of Finance, this relates to expenses for personnel under contractual modality in accordance with current regulations for the rendering of technical or professional services on a personal and individual basis, both for institutional strengthening and for special study and research projects, which complement the activities of each institutional sector.



stands out, with 86.4% of the total number of employees in that ministry. On the other hand, at the Ministry of Security, the majority (99.2%) were employed in permanent and temporary positions.

**Figure 8. Employment by modality. National Executive Branch**

2020, in % share



SOURCE: OPC, based on 2020 National Government Financial Report.

## D. Financing operations

As of December 31, 2020, the national public debt stock totaled USD334,154 million, showing an increase of USD12,475 million over the year. In terms of GDP, debt increased 13.9 p.p. and reached 102.3%.

**Table 13. Evolution of National Public Debt**

2019-2020, in millions of ARS and USD, as % of GDP and difference in p.p.

Concept	In millions of ARS			In millions of USD			% of GDP		
	2019	2020	Variation	2019	2020	Var.	2019	2020	Var. (p.p.)
Securities	13,566,450	19,910,303	6,343,853	226,504	236,619	10,115	62.2	72.4	10.2
Multilateral	4,072,907	5,996,859	1,923,952	68,001	71,268	3,267	18.7	21.8	3.1
Bilateral	415,552	510,361	94,809	6,938	6,065	-873	1.9	1.9	0.0
Private Banks	1,091,363	1,526,169	434,806	18,221	18,137	-84	5.0	5.6	0.5
Suppliers	120,704	173,733	53,029	2,015	2,065	49	0.6	0.6	0.1
<b>TOTAL</b>	<b>19,266,977</b>	<b>28,117,425</b>	<b>8,850,448</b>	<b>321,679</b>	<b>334,154</b>	<b>12,475</b>	<b>88.4</b>	<b>102.3</b>	<b>13.9</b>

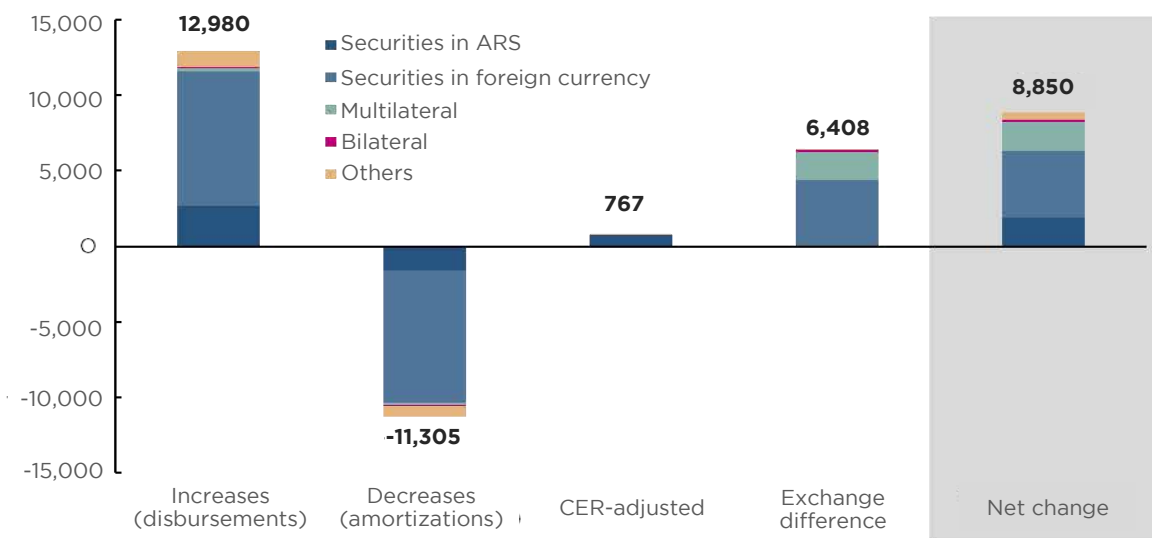
Note: Does not include interest arrears or compensatory interest.

SOURCE: OPC based on 2020 National Government Financial Report and statistics from the Secretariat of Finance.

Measured in Argentine pesos, the debt stock showed an increase of ARS8.9 trillion during the year, largely explained by a 40.5% increase in the exchange rate that caused a valuation adjustment in debt denominated in foreign currency.

**Figure 9. Variation in the stock of national public debt in 2020**

In billions of ARS



SOURCE: OPC, based on 2020 National Government Financial Report.

In 2020, the operations for the restructuring of debt denominated in foreign currency, both under Argentine and foreign legislation, stood out. As a result of both operations, there was a drop in net debt of USD2,431 million.

Following the final offer made by Argentina to the holders of securities under foreign legislation, holders of 93.55% of the total outstanding principal amount of all eligible bonds accepted the swap offer. Upon enforcement of the class action clauses of the eligible bonds, the consent obtained by Argentina led to the swap of 99.01% of the outstanding principal amount of the eligible bonds.

This transaction simplified the structure from 21 instruments to 12 and reduced the average interest paid on these securities from 7% to 3.07% and the maximum coupon from 8.28% to 5%. Principal owed was reduced by 1.9% and, including unpaid accrued interest coupons on the securities swapped, securities with a Net Present Value (NPV) of USD69,647 million were retired, while securities with a Nominal Value (NV) of USD68,602 million were issued.

On the other hand, Law 27,566 provided for the restructuring of debt denominated in foreign currency under Argentine law in three stages. The early acceptance period of the offer allowed the restructuring of 98.8% of the eligible debt, which reduced the average rate of such debt from 7.6% to 2.8%. Subsequently, the amount restructured increased to 99.41% during the late acceptance period. Finally, Resolution 540/2020 approved the procedure for those holders that had not yet accepted the offer to do so.

At the end of 2020, securities denominated in foreign currency under Argentine law amounting to NPV USD43,761 million (including interest coupons recognized for the period) had been swapped for new securities in the amount of NV USD42,761 million.

**Table 14. Swaps of debt denominated in foreign currency**

In millions of dollars of NPV at the exchange rate of 08/31/2020

Concept	International Swap	Domestic Swap
	DNU 391/2020	Law 27,556 and Res. 540/2020
Issued	68,202	42,761
New bonds in USD	63,207	41,971
2029	2,635	2,194
2030	16,091	12,601
2035	20,502	18,469
2038	11,405	7,214
2041	10,482	1,493
2046	2,092	
New bonds in EUR	4,995	
2029	108	
2030	1,391	
2035	357	
2038	966	
2041	1,877	
2046	296	
New CER-adjustable bonds		790
2026		764
2028		26
Cancelled	69,646	43,746
Bonds in USD	48,318	40,974
Bonds in EUR	20,872	
Bonds in CHF	456	
Bills in USD		2,694
Bonds and Bills DLK		79
Issued - Cancelled	- 1,445	- 986

Note: cancellations include amounts for unpaid accrued interest recognized.

SOURCE: OPC, based on 2020 National Government Financial Report and Secretariat of Finance.

Bonds in pesos were placed for NOV ARS521,891 million, including floating rate (BONAR BADLAR 2021), CER-adjustable (various BONCER) and fixed rate instruments (BONTE 2020 and BONTE 2022). In addition, swap transactions were carried out for bonds in pesos for NOV ARS1,182,353 million.

There were also dollar-denominated placements, which included securities in dollars payable in pesos (USD-linked) for USD3,426 million (BONTE DLK 2021 and BONTE DLK 2022). There were also debt swap transactions securities in dollars for an amount of USD1,500 million (BONAR USD 2030 and BONAR USD 2035).

As for Treasury Bills, there was a decrease in the stock of LETES in dollars through various swap and restructuring transactions, leaving a remaining stock of USD30 million. LECAP issuances were also discontinued, replacing them with bills in pesos with a discount rate, a rate linked to the pass-through rate and CER-adjusted bills. In total, measured in pesos, the total stock of short-term bills decreased by 32.3%.

**Table 15. Evolution of Treasury Bills Stock**

2019-2020, in millions and %

Concept	Stock		Difference	
	12/31/2019	12/31/2020	ARS	%
<b>Dollar-denominated Securities (in USD)</b>	<b>9,833</b>	<b>30</b>	<b>-9,802</b>	<b>-99.7</b>
LETES	8,704	30	-8,674	-99.7
LELINK	1,129		-1,129	-100.0
<b>Peso-denominated and CER-adjusted securities (in ARS)</b>	<b>540,879</b>	<b>762,363</b>	<b>221,484</b>	<b>40.9</b>
LECAP	459,951		-459,951	-100.0
LE CER	43,912	351,635	307,723	700.8
LEDES	37,016	234,422	197,406	533.3
LEPASE		176,306	176,306	-
<b>Total Stock (in ARS)</b>	<b>1,129,803</b>	<b>764,899</b>	<b>-364,904</b>	<b>-32.3</b>
<b>Total Stock (in USD)</b>	<b>18,863</b>	<b>9,090</b>	<b>-9,773</b>	<b>-51.8</b>

SOURCE: OPC, based on 2020 National Government Financial Report

On the other hand, Treasury bills were issued in accordance with the provisions of DNU 668/2019. These issuances included bills in pesos to different agencies of the National Public Sector maturing in January 2021 for ARS9,180 million and maturing in April 2021 for ARS 27,659 million. The issuance of bills in dollars to different agencies of the National Public Sector with maturity in April 2021 for USD795 million were also included among those issued under DNU 668/2019. Outside the framework of this DNU, bills were issued directly, in pesos and dollars to the FGS for ARS56,886 million and USD267 million, respectively.

Transactions within the public sector also included the issuance of ARS71 billion in CUT Promissory Notes (issued to the Ministry of Internal Affairs, the National Institute of Agricultural Technology, the National Insurance Superintendency, the National Communications Entity, and the National Institute for Tourism Promotion) and an increase in gross financing through the Unified Fund of Official Accounts for ARS20,000 million

As for the financing with the Central Bank, Treasury bills in dollars maturing in 2029 and 2030 were issued for USD3,358 million under Section 61 of Law 27,541 and Section 4 of DNU 346/2020. Additionally, the Central Bank provided the Treasury with net financing of ARS407,720 million in 2020 as Temporary Advances. As of December 31, the stock of this instrument amounted to ARS\$1,260,450 million.

Financing from international and bilateral official credit organizations amounted to a net disbursement of USD858 million, including positive net disbursements from the IBRD (USD539 million).

Finally, the settlement of claims with holders of debt not included in the swap under the terms of the February 2016 Settlement Proposal has continued. At the end of 2020, the principal amount of debt pending restructuring amounted to approximately USD1,055 million.

## E. Use of Public Credit Authorizations

Law 24,156 on Financial Administration establishes that public credit transactions of the National Government will be authorized by the Budget Law of the respective year or by a specific law, except for debt operations with international financial organizations.

As previously mentioned, in the absence of the approval of a Budget Law for the year 2020, Executive Order 4/2020 extended the 2019 Budget and, consequently, the authorizations to issue government securities and loans were extended, with the respective disaggregation of the maximum amounts authorized for different purposes and minimum amortization terms. Sections 40, 41, 42, 46, 46, 48, 49 and 55 of the 2019 Budget Law established limits to the amounts of issuance of securities and loan contracts.

**Section 40** established the maximum amounts authorized for the issuance of government securities and loans, disaggregated by minimum amortization term. The initial appropriation authorized for the issuance of government securities or loans for the year 2020 was ARS2,930,000 million, following the amendment made to the 2019 Budget Law by means of DNU 740/2019. The maximum authorized limit for borrowing in foreign currency was USD5,031 million for loans with authorized limits in dollars and EUR340 million for loans with authorized limits in euros.

During 2020, **Section 40** was amended three times. The first amendment was made through **Section 3 of DNU 457/2020**, which raised the maximum authorized limit for the issuance of government securities or loans to finance debt service and non-operating expenses by the equivalent of ARS5,240,000 million. Subsequently, **Section 10 of Law 27,561** included the authorization for a loan in dollars for the financing of works related to potable water for USD149.6 million. The last amendment was made by **Section 3 of DNU 975/2020**, which increased the maximum authorized limit for the issuance of government securities or loans to finance debt service and non-operating expenses up to an amount equivalent to ARS5,650,000 million, allocating the entire increase (ARS410,000 million) in the minimum term of 90 days.

In connection with Section 40, the National Government Financial Report states that government securities and loans were placed to finance debt service and non-operating expenses for a total amount equivalent to ARS4,840,881 million during 2019 and 2020, leaving a carryover of ARS809,119 based on the authorized amounts in effect at year-end. No reference is made to the placement of earmarked loans.

**Sections 41 and 42** established limits on the use of credit maturing within the same fiscal year. In this case, the limits are set on the outstanding amounts of these instruments.

**Section 41** authorized the Secretariat of the Treasury and the Secretariat of Finance to issue bills for the compliance of the transactions included in the financial program up to an outstanding amount of VN ARS950,000 million, as amended by DNU 427/2019. In relation to Section 41, the 2020 National Government Financial Report does not present an analysis of the use of this authorization, so it does not allow analyzing the compliance with the maximum authorized limit.

On the other hand, **Section 42** authorized the General Treasury of the Nation (TGN) and the National Social Security Administration (ANSES) to issue short-term bills up to an outstanding amount of ARS100,000 million and ARS70,000 million. By means of Section 4 of DNU 193/2020 these amounts were increased to ARS160,000 million and ARS80,000 million, respectively. The National Government Financial Report states that no placements have been made under these authorizations during 2020.

As for **Section 46** related to the authorization to issue guarantees, the National Government Financial Report does not report the granting of any new guarantee. On the other hand, **Section 16**

of Law 27,561 provided that the National Government would take charge of guarantees "2/2011" and "2/2012" issued in favor of ENARSA (currently IEASA) and endorsed in favor of the BNA, also authorizing the National Executive Branch to agree with the BNA the payment conditions for such debt. The National Government Financial Report states that no actions have been taken in this respect.

The authorization for the issuance of debt consolidation bonds (BOCONES) defined in Section 48 had a remaining balance, which was used for the issuance of those securities for EV ARS1,450 million. In addition to what was authorized by Section 48, by means of Section 9 of Law 27,561, the placement of BOCONES was authorized for the purpose of complying with a transfer to INSSJP for an amount of ARS11,088 million, of which a total of ARS9,007 million was issued.

Finally, Section 4 of DNU 975/2020 provided for the issuance of 5 Promissory Notes (*Pagarés CUT*) maturing in March 2021 for a total amount of ARS71,000 million divided among five agencies, which were subscribed in full by each one of them.

**Table 16. Issuance of Promissory Notes (*Pagarés CUT*) to government agencies**

In millions of ARS

Agency	SAF	Amount issued
Ministry of Internal Affairs	325	30,000
National Institute of Agricultural Technology (INTA)	606	24,000
National Superintendence of Insurance (SSN)	603	7,000
National Communications Entity (ENACOM)	207	5,000
National Institute for Tourism Promotion (INPROTUR)	119	5,000
<b>Total</b>		<b>71,000</b>

SOURCE OPC, based on 2020 National Government Financial Report.

### **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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