



ANALYSIS OF NATIONAL GOVERNMENT BUDGET EXECUTION

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Executive Summary

During the first five months of the year, national government revenue totaled ARS4.248,739 trillion, reflecting a growth in real terms¹ of 1.9% year-on-year (YoY). Current revenues amounted to ARS4.247,711 trillion, which implied a real increase of 2.1% YoY, driven by its main components: tax revenues (3.1% YoY) and Social Security contributions (7.9% YoY). On the other hand, non-tax revenues decreased 52.3% YoY, since the collection of the Solidarity and Extraordinary Contribution, which reached ARS2.849 billion as of May 2022, contracted 96.9% YoY.

Total expenditure amounted to ARS5.496,658 trillion and grew at a rate of 13.1% YoY. Primary expenditure totaled ARS5.024,118 trillion and expanded 13.4% YoY, mainly due to the variations registered in subsidies (29.8% YoY), in current transfers to provinces (23.0% YoY), in capital transfers (15.2% YoY) and in payroll expenses (13.4%). Among subsidies, those allocated to energy increased by 49.4% YoY and those allocated to transportation increased by 13.7% YoY. On the other hand, social benefits grew 10.7% YoY, with pensions and retirement benefits (7.7% YoY), family allowances (17.3% YoY) and social programs (22.8% YoY) standing out.

A total of ARS472.539 billion were accrued on debt interest payments, which implied an increase of 9.8% YoY.

The dynamics between revenues and primary expenditures resulted in a primary deficit of ARS775.379 billion, with a variation in real terms of 196.1% YoY. Adding interest payments on debt, the financial deficit amounted to ARS1.247,919 trillion, which implied a growth of 80.3% YoY. In addition, the economic outturn was negative by ARS849.283 billion.

It should be noted that as from January 2022, the 2021 budget was extended pursuant to the provisions of Executive Order 882/21, with partial adjustments to the appropriations and resources². As of May, the current appropriation amounted to ARS10.857,496 trillion, with a minimal variation with respect to the appropriation carried forward (ARS10.775,950 trillion).

As of May 31, total expenditure accrued ARS5.496,658 trillion, equivalent to 50.6% of the current budget appropriation. Current expenditures accounted for 53.4%, and capital expenditures accounted for 30.5%. Under current expenditures, interest on debt (61.3%) and social programs such as *Progresar* grants (81.6%) and *Potenciar Trabajo* (65.3%) stand out, which will require budgetary reinforcements to continue with the execution rate of the first five months of the year. Energy subsidies (54.1%), transfers to universities (53.9%), pensions (53.9%), payroll expenses (53.6%) and transfers to provinces (51.2%) exceeded the average execution of total expenditure.

¹For the calculation of real variations in the month of May 2022, OPC's own estimate was used, which forecasts a monthly variation of 4.8%.

² For more information, see OPC report at: <https://www.opc.gob.ar/ley-de-presupuesto/analisis-del-presupuesto-de-la-administracion-nacional-prorrogado-para-el-2022/>

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

Table 1. Revenues, expenditures, and outcomes. National Government

In millions of ARS and as a % of nominal and real variation

Concept	May 2022			Five months cumulative		
	In millions of ARS	Nom. % var. YoY	Real % var. YoY	In millions of ARS	Nom. % var. YoY	Real % var. YoY
I. Current revenues	962,734	60.9	0.4	4,247,711	58.7	2.1
Tax revenues	643,926	81.2	13.1	2,744,771	60.2	3.1
Social Security Contributions	269,390	77.8	11.0	1,262,635	67.7	7.9
Non-tax revenues	15,841	-78.1	-86.3	87,143	-25.8	-52.3
Sale of Goods and Services	1,685	55.3	-3.1	8,052	67.0	7.4
Property Income (*)	31,049	71.5	7.0	140,923	63.3	5.0
Current transfers	843	360.5	187.4	4,187	150.6	61.2
II. Current Expenditures	1,213,309	69.8	5.9	5,096,994	76.0	13.2
Social benefits	710,797	87.3	16.9	2,901,640	71.9	10.6
Pensions	449,714	85.9	16.0	1,917,968	67.5	7.7
Family allowances	66,813	90.5	18.9	361,123	82.4	17.3
Universal Child Allowance	25,991	70.7	6.6	136,862	60.9	3.5
Employed, inactive and others	40,822	105.7	28.4	224,261	98.7	27.8
Non-contributory pensions	42,500	63.7	2.2	178,389	59.0	2.3
Other programs	151,770	98.2	23.7	444,160	91.0	22.8
<i>Potenciar Trabajo</i>	31,760	116.3	35.0	144,823	150.0	60.8
Food Policies	29,733	51.6	-5.4	118,296	98.9	27.9
<i>Progresar</i> grants	3,687	123.3	39.4	25,808	360.3	196.1
Others	86,589	113.2	33.1	155,233	41.7	-8.9
Subsidies	150,073	38.9	-13.3	689,762	101.9	29.8
Energy	118,144	50.0	-6.4	538,046	132.3	49.4
Transportation	24,905	86.2	16.2	108,183	76.8	13.7
Others	7,024	-55.8	-72.4	43,534	-10.9	-42.7
Payroll	112,702	93.5	20.7	487,241	76.4	13.4
Goods and services	30,714	64.9	2.9	140,773	49.2	-4.0
Transfers to provinces	52,182	108.3	30.0	204,055	91.2	23.0
Transfers to universities	36,964	75.7	9.6	165,800	68.5	8.4
Other current expenditures	3,998	73.8	8.4	35,185	143.1	56.4
Interest (**)	115,879	13.6	-29.1	472,539	70.8	9.8
III. Fiscal Balance (I-II)	-250,575	115.6	34.6	-849,283	285.0	147.6
IV. Capital Revenues	890	23242.2	14467.9	1,028	-80.3	-87.3
V. Capital Expenditures	76,646	30.6	-18.5	399,664	74.0	11.9
Real Direct Investment	21,444	21.4	-24.2	103,128	73.9	11.8
Capital Transfers	46,202	32.6	-17.3	267,098	79.1	15.2
Financial Investment	9,001	45.7	-9.0	29,438	38.4	-11.0
VI. Total Revenue (I+IV)	963,624	61.0	0.5	4,248,739	58.5	1.9
VII. Total Expenditure (II+V)	1,289,955	66.8	4.1	5,496,658	75.8	13.1
VIII. Primary Expenditure	1,174,076	74.9	9.1	5,024,118	76.3	13.4
IX. Primary Balance (VI+VIII)	-210,452	188.6	80.1	-775,379	360.4	196.1
X. Financial Balance (VI-VII)	-326,331	86.6	16.4	-1,247,919	180.4	80.3

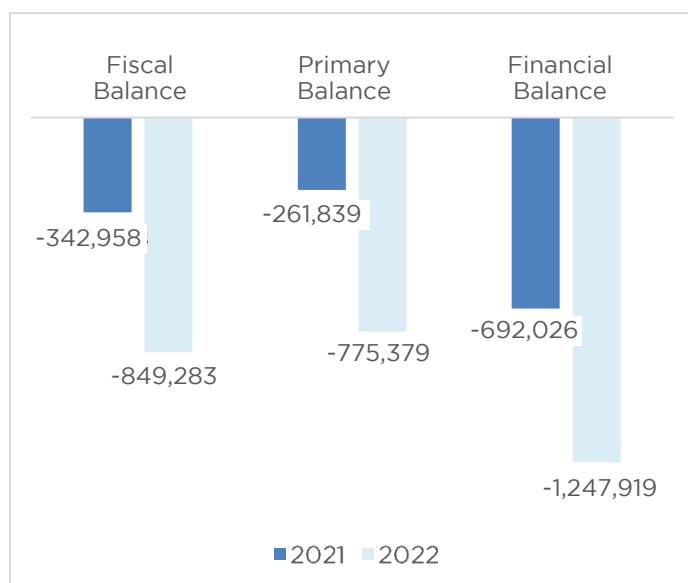
(*) includes property income from National Government assets held by the Sustainability Guarantee Fund (FGS). Excludes profits received from the Central Bank of Argentina (BCRA), which totaled ARS50 billion in May 2021.

(**) Interest were estimated based on SICAGE data, debt maturity profile and E.Sidif. Includes interest paid intra National Public Sector, as reported by the E.Sidif.

SOURCE: OPC, based on E.Sidif data

Figure 1. Budgetary outcomes. National Government

Cumulative as of May, 2021-2022, in millions of constant ARS



As of May, a primary deficit of ARS775.379 billion was recorded, which increased 196.1% in real terms with respect to the deficit recorded a year before, and a financial deficit of ARS1.247.919 trillion, which expanded 80.3% YoY. As for the fiscal balance, the deficit amounted to ARS849.283 billion and grew 147.6% YoY.

This was the result of a 1.9% increase in real terms in total revenue and a 13.1% increase in total expenditure.

Among current revenues (2.1% YoY), tax revenues expanded by 3.1% YoY, and Social Security contributions grew by 7.9% YoY.

On the other hand, primary expenditures grew 13.4% YoY, mainly driven by energy subsidies (44.9% YoY), transfers to provinces (23.0% YoY), social programs (23.8% YoY) and family allowances (17.3% YoY).

Excludes profits transferred from the Central Bank.

SOURCE: OPC, based on E.sidif data.

Figure 2. Total revenue. National Government

Cumulative as of May 2022. In millions of ARS and as a % of nominal and real variation

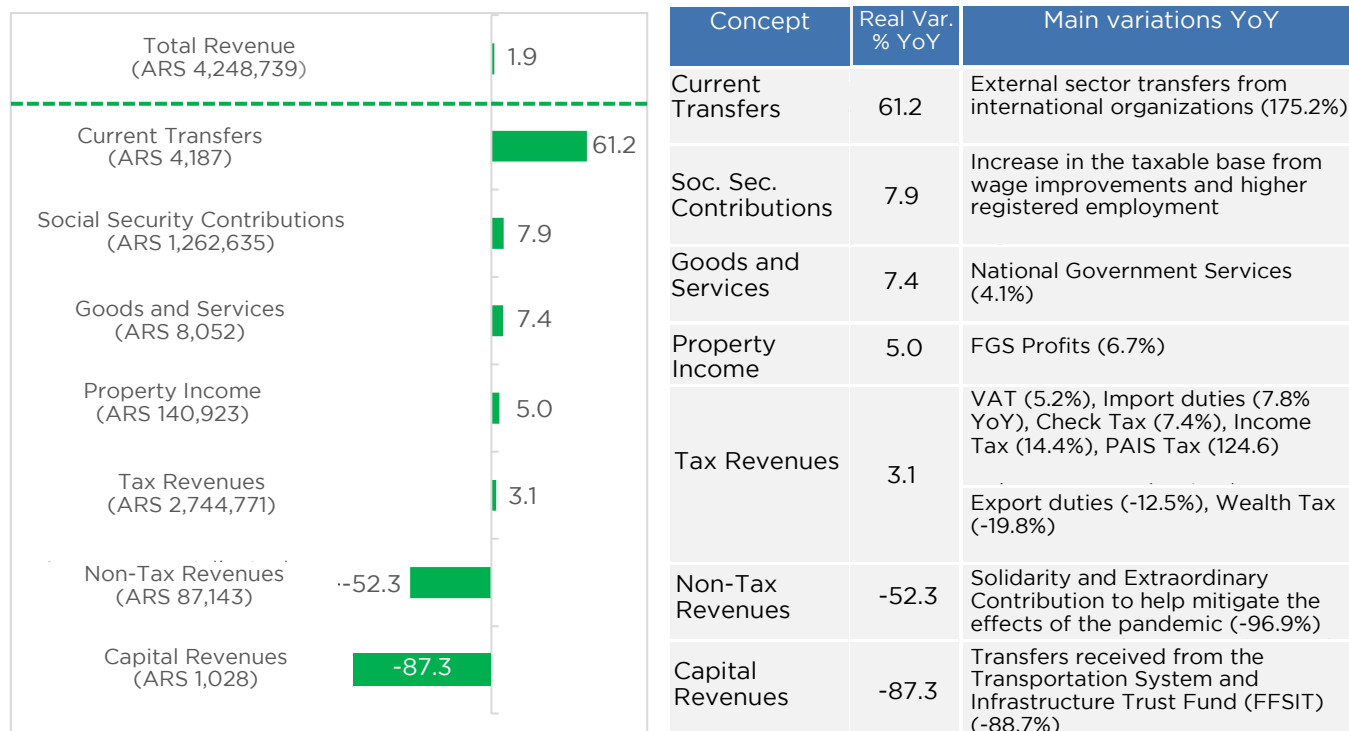
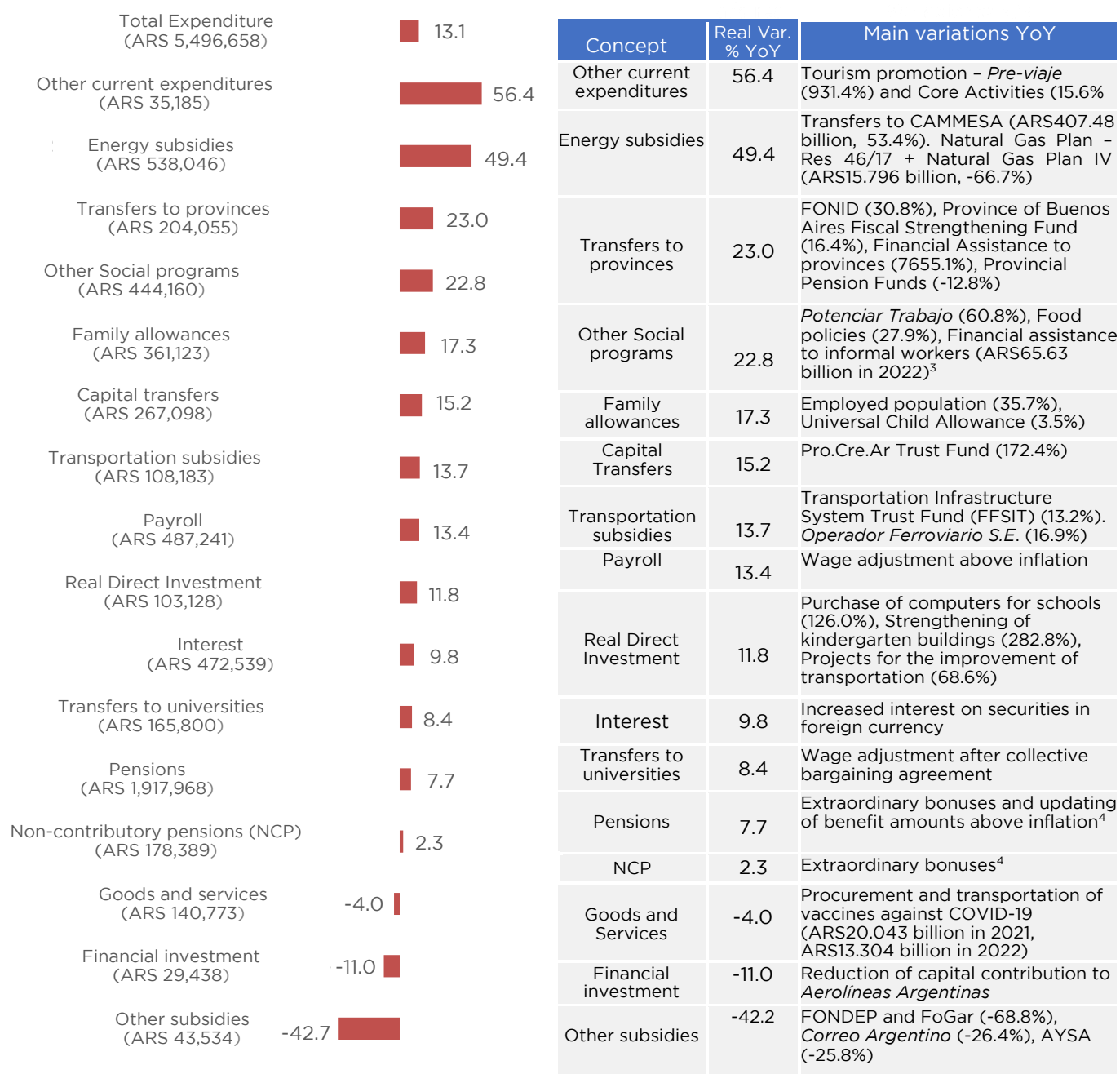


Figure 3. Total expenditure. National Government

Cumulative as of May 2022. In millions of ARS and as a % of nominal and real variation



SOURCE: OPC, based on E.sidif data.

³Refers to the first payment of the income reinforcement of ARS9,000 accrued in the month of May to informal and unregistered workers with incomes below two minimum wages, unemployed workers, workers hired during the reserve period, simplified regime taxpayers in categories A and B and “social”, and workers in private homes (Executive Order 216/22).

⁴In April an extraordinary bonus was paid to retirees and pensioners, PUAM (Universal Pension for Older Adults), non-contributory pensions for old age, disability, mothers of 7 or more children, and other non-contributory pensions and ex gratia pensions paid by ANSES. The bonus was for an amount of ARS6,000 for those beneficiaries who receive the minimum benefit (ARS32,630.40), and for those who receive a higher amount, the bonus was equal to the amount necessary to reach the sum of ARS38,630.40, pursuant to the provisions of Executive Order 180/22. Likewise, in May, another extraordinary bonus was accrued for the beneficiaries included in Executive Order 180/22, which was of ARS12,000 for those beneficiaries who receive an equivalent amount of up to ARS65,260.80 for the sum of all their current benefits, and for those who receive a higher amount, the extraordinary bonus was equal to the amount necessary to reach the sum of ARS77,260.80, as provided for in Executive Order 215/22.

National government expenditure execution level

Table 2. Cumulative expenditure execution level

Cumulative as of May 2022, in millions of ARS and execution %

Concept	Initial appropriation	Current appropriation ⁵	Accrued	Exec. %
Total expenditure	10,775,950	10,857,496	5,496,658	50.6
Current expenditures	9,481,047	9,547,089	5,096,994	53.4
Social benefits	5,266,227	5,302,666	2,901,640	54.7
Pensions	3,546,031	3,561,331	1,917,968	53.9
Family allowances	587,287	599,087	361,136	60.3
AUH, AUE, School grants	252,150	252,150	136,862	54.3
Others	355,137	346,937	224,261	64.6
Non-contributory pensions	351,517	353,717	178,389	50.4
Other programs	781,391	788,530	444,160	56.3
<i>Potenciar Trabajo</i>	222,027	221,654	144,823	65.3
Food policies	220,851	219,351	118,296	53.9
<i>Progresar</i> grants	25,844	32,627	25,808	81.6
Others	312,669	315,898	155,233	49.1
Subsidies	1,376,871	1,375,440	289,762	50.1
Energy	994,505	995,051	538,046	54.1
Transportation	216,523	216,524	108,183	50.0
Others	165,842	163,865	43,534	26.6
Payroll	909,574	909,412	487,241	53.6
Goods and services	357,770	403,605	140,773	34.9
Transfers to provinces	413,120	398,216	204,055	51.2
Transfers to universities	306,842	307,432	165,800	53.9
Other current expenditures	79,403	79,077	35,185	44.5
Interest	771,240	771,240	472,539	61.3
Capital expenditures	1,292,902	1,310,407	399,664	30.5
Real Direct Investment	282,380	326,500	103,128	31.6
Capital transfers	917,818	887,329	267,098	30.1
Financial investment	94,704	96,578	29,438	30.5

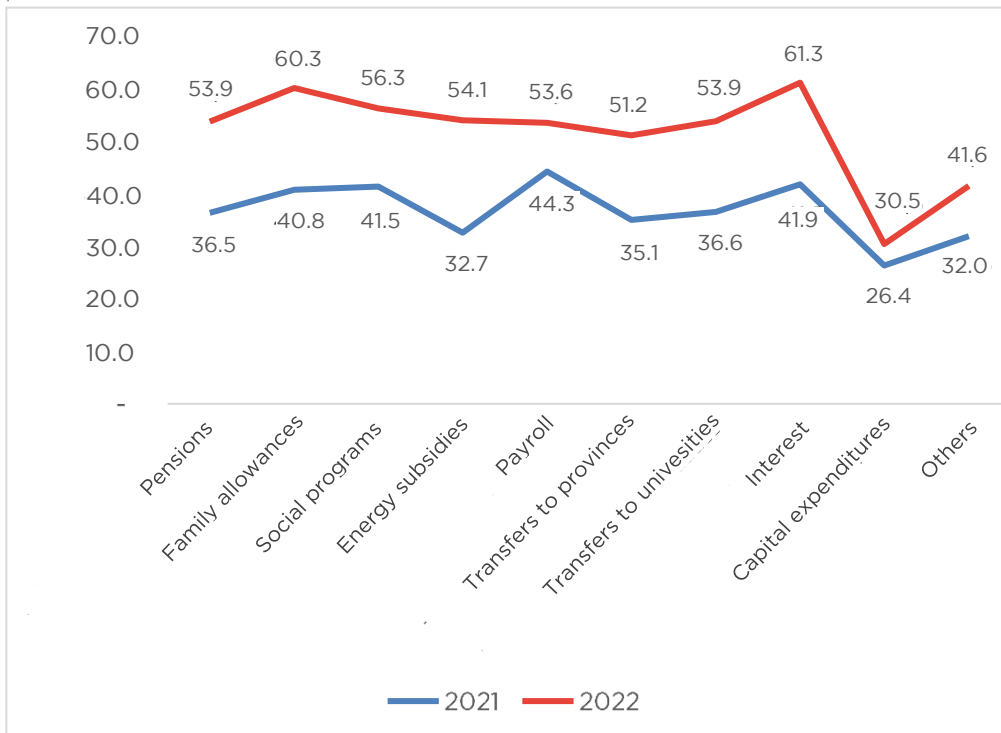
At the end of May, 50.6% of the expenditure budget was executed, 14.5 percentage points (p.p.) above the level recorded a year earlier (36.1%). Interest on debt (61.3%) and family allowances (60.3%) stood out. Social programs (56.3%), energy subsidies (54.1%), pensions (53.9%), payroll expenses (53.6%) and transfers to provinces (51.6%) were above average, exceeding 50% of budget execution. Within social programs, *Progresar* grants (81.6%) and *Potenciar Trabajo* (65.3%) recorded high levels of execution. It should be noted that the current budget is the same as last year's budget extension. On the other hand, capital expenditures recorded 30.5%, although this figure is higher than the one recorded in the same period of 2021 (26.4%).

SOURCE: OPC, based on E.sidif data.

⁵Includes Administrative Decision 549 approved on May 31 and published in the official gazette on June 1.

Figure 4. Execution level of main expenditure items

Cumulative as of May 2021 and 2022 as a % of current appropriation execution



The main expenditure items show high levels of execution compared to the records for the same period in 2021 due to the budget extension. In most cases, budget increases will be required to continue with the execution rate recorded in the first 5 months of the year. Capital expenditures show a more moderate execution (30.5%) with respect to current expenditures, as was the case in 2021. Due to the nature of this component, execution accelerates in the last months of the fiscal year.

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 law of the National Congress.
- The National Government includes the Central Administration, decentralized agencies, and Social Security institutions.
- The data used in the preparation of the report come from the Integrated Financial Information System of the Ministry of Treasury, with a cut-off date of June 3, 2022.
- 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 May 2022, OPC's own estimate was used, which showed a monthly variation of 4.8%, in accordance with the methodology set forth in the working document "Guidelines for the preparation of the macroeconomic scenario", available at: www.opc.gob.ar.
- For expenditures, the accrual stage is considered. In this concept, interest paid by the National Government is considered in full and without offsets.
- For revenues, the time of receipt is considered. Likewise, property income is expressed net of BCRA's profits transferred to the National Treasury.
- The amount of interest was estimated based on data from SIGADE, the debt maturity profile, and E.Sidif.

OPC Publications

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