



# ANALYSIS OF THE NATIONAL GOVERNMENT FINANCIAL REPORT 2021

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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 ARS1,325.147 billion. Adding the interest on public debt, which reached ARS770.642 billion, the financial deficit was ARS2,095.788 billion. The economic performance, which excludes revenues and capital expenditures, showed a deficit of ARS917 billion.

Total revenue includes ARS787.712 billion 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 ARS2,112.859 billion (4.6% of GDP<sup>1</sup>), with an improvement of 2.8 percentage points (p.p.) with respect to 2020 deficit (7.4% of GDP). On the other hand, the financial result showed an imbalance of ARS2,883.501 billion (6.2% of GDP), reflecting a deterioration of 3.4 percentage points (p.p.) with respect to 2020 (9.7% of GDP).

A comparison of the execution with the initial approved appropriation showed that total revenue and total expenditure experienced deviations of 24.9% and 28.2%, respectively. A total of ARS439.044 billion from the allocation of Special Drawing Rights (SDR) from the IMF and ARS206.772 billion from the Solidarity and Extraordinary Contribution<sup>2</sup> created to mitigate the effects of the pandemic, both of which are included in non-tax resources, were transferred to the Treasury through current transfers<sup>3</sup>. Both items were not part of the initial estimate of total revenue and contributed an amount equivalent to 1.4 points of GDP. Had these extraordinary resources not been included, total revenue would have shown a more moderate deviation of 15.6%.

In terms of expenditures, social programs recorded the largest difference between the initial appropriation and the final accrual (128.4%), which was driven by measures to counteract the economic effects of the COVID-19 pandemic, among them those related to the REPRO (Productive Recovery Program), *Potenciar Trabajo* and Food Policy programs. In addition, there was a difference of ARS387.597 billion (58.8%) in energy subsidies with respect to the initial appropriation, explained by higher transfers to CAMMESA (Argentine Wholesale Electricity Market Clearing Company) and IEASA (Argentine Energy Integration Company), which had deviations of 57.5% and 216.9%, respectively. For pensions, the accrual implied an additional ARS330.065 billion (10.3%) over the initial estimated appropriation, and for capital transfers, the difference amounted to ARS386.669 billion (82.0%).

As for financial results, the primary deficit forecast at the beginning of the fiscal year (ARS792.508 billion), increased to ARS1,325.147 billion, a deviation of 67.2%. Adding debt interest payments, the financial deficit (ARS2,095.788 billion) was 44.2% higher than budgeted. Excluding the extraordinary resources received, which were not initially estimated (ARS645.816 billion from the IMF SDRs and the Solidarity and Extraordinary Contribution), the deviations between the estimated results and those obtained increased. The primary deficit increased to 148.7% and the financial deficit to 88.6%.

“Public Debt and Increase in Other Liabilities” totaled ARS6,104.298 billion, which was 2.5% less than initially forecast (ARS156.071 billion less), whereas “Debt Amortization and Decrease in Other Liabilities” totaled ARS3,483.328 billion, 21.2% (ARS934.342 billion) less than the initial appropriation.

The stock of domestic public debt measured in Argentine pesos showed an increase of ARS8.8 trillion during the year, explained by a 22% increase in the exchange rate that caused a valuation adjustment in

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

<sup>2</sup> The Solidarity and Extraordinary Contribution was created through Law 27,605, approved in December 2020, and its estimated collection, as well as the expenditure items to be financed, were added to the National Budget at the end of May, through Administrative Decision 524.

<sup>3</sup> As provided for in DNU 622/21.

debt denominated in foreign currency and by the 51% annual inflation that impacted the stock of CER (Reference Stabilization Coefficient)-adjustable debt.

On the other hand, a comparison of the budget execution with respect to 2020 showed that total revenue (net of BCRA's profits) expanded 21.4%<sup>4</sup> in real terms year-on-year (YoY), and primary expenditures increased at a rate of 5.6% YoY. Interest on debt fell by 16.9% YoY, thus moderating the increase in total expenditure, which reached 3.6% YoY.

On the revenue side, there was a satisfactory performance of its main components: tax revenues and Social Security contributions, with increases of 20.9% YoY and 4.7% YoY, respectively. In addition, ARS439.044 billion were received from the allocation of SDRs by the IMF and ARS206.772 billion from the Solidarity and Extraordinary Contribution, without which total revenues would have shown a more moderate increase of 11.4% YoY.

As for primary expenditures, capital expenditures and energy subsidies led the expansion, with increases of 127.0% YoY and 60.2% YoY, respectively, while pensions declined by 4.4% YoY. On the other hand, social programs showed a 32.8% YoY drop due to the elimination of the IFE (Emergency Family Income) and the ATP (Assistance to Work and Production), which was partially offset by the budgetary reinforcement in other programs such as *Potenciar Trabajo*, Food Policy, *Progresar* grants and REPRO (Productive Recovery and Sustainment Program).

Total revenues in the non-financial National Public Sector (NPS) expanded 0.4% YoY in real terms and primary expenditures grew 2.0% YoY in comparison with fiscal year 2020. Debt interest payments recorded a contraction of 17.3% YoY, therefore, total expenditure increased at a slower rate of 0.4% YoY. These performances resulted in a primary deficit of 0.7% of GDP, with a difference of 0.3 p.p. with respect to the share in 2020 (0.3% of GDP). As for the financial performance, it went from a deficit of 2.7% of GDP in 2020 to a deficit of 2.4% in 2021. Finally, the fiscal deficit was equivalent to 0.6% of GDP, 1.2 percentage points lower than in 2020 (1.8% of GDP).

After deducting ARS787.712 billion of profits transferred from the BCRA, the primary deficit stands at 2.4% of GDP, an improvement of 3.9 p.p. with respect to 2020 (-6.2% of GDP). As for the financial result, it decreased from a deficit of 8.6% of GDP in 2020 to a deficit of 4.1% of GDP in 2021.

<sup>4</sup> For the calculation of real variations, the Consumer Price Index (CPI) variation at the (General) National 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>5</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 2021 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 135 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, policies for children and adolescents, and those aimed at persons with disabilities.

This report describes the budget amendments approved during fiscal year 2021. The execution is analyzed in comparison with the initial appropriation and with the execution for fiscal year 2020. Additionally, a comparison between the budget execution reported in the annual report for fiscal year 2021 prepared in January 2022 by the Argentine Congressional Budget Office (OPC) and the information contained in the National Government Financial Report is included.

It also describes national government employment, the financing operations, and the use of authorizations for appropriations during 2021.

Finally, the results of the consolidated non-financial National Public Sector for the fiscal year 2021 are presented, both in relation to the initial appropriation and in comparison with the execution of the year 2020.

<sup>5</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.

## 1. National Government

### A. Budget amendments

During 2021, nineteen budget amendments were approved, including sixteen administrative decisions (DA) and three Necessity and Urgency Decrees (DNU)<sup>6</sup>. These measures increased the total budgeted expenditure by ARS2,605.412 billion and revenues by ARS1,667.409 billion, thus increasing the initially estimated financial deficit by ARS938.004 billion.

The increase in expenditure (ARS2,605.412 billion) represented 31.0% of the initial appropriation approved by the Congress of the Nation. On the other hand, of this total, ARS1,994.392 billion were increased by three DNU (76.5%), and the remaining ARS611.020 billion (23.5%) were authorized by means of sixteen administrative decisions.

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

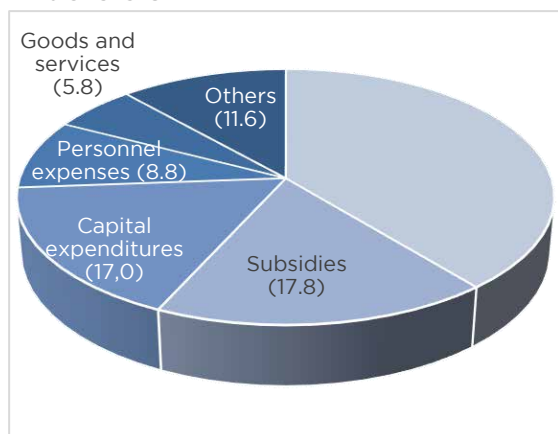
2021, in millions of ARS and variation %

Concept	Initial Appropriation	Final Appropriation	Differences	Variation %
<b>I. Current Revenues</b>	6,926,003	8,594,976	1,668,973	24.1
<b>II. Current Expenditures</b>	7,541,453	9,703,609	2,162,157	28.7
<b>III. Fiscal Balance</b>	-615,450	-1,108,634	-493,183	80.1
<b>IV. Capital Revenues</b>	15,306	13,742	-1,565	-10.2
<b>V. Capital Expenditures</b>	853,542	1,296,798	443,256	51.9
<b>VI. Total Revenue</b>	6,941,309	8,608,718	1,667,409	24.0
<b>VII. Total Expenditure</b>	8,394,995	11,000,407	2,605,412	31.0
<b>VIII. Primary Expenditures</b>	7,733,817	10,229,599	2,495,782	32.3
<b>IX. Primary Balance (VI-VIII)</b>	-792,508	-1,620,882	-828,374	104.5
<b>X. Financial Balance (VI-VII)</b>	-1,453,686	-2,391,690	-938,004	64.5
<b>XI. Financial Sources</b>	6,452,854	7,645,678	1,192,824	18.5
<b>XII. Financial Applications</b>	4,999,168	5,253,988	254,820	5.1

SOURCE: OPC, based on 2021 National Government Financial Report.

**Figure 1. Composition of the increase in initial appropriation by expenditure item**

In % of share



Social benefits accounted for 39.0% of the total increase, which rose by ARS1,017.116 billion, with social programs accounting for half of the increase (ARS508.683 billion). In second place, economic subsidies represented 17.8% (ARS463.069 billion), with the reinforcements allocated to energy subsidies (ARS395.992 billion) standing out. Capital expenditures accounted for 17.0% of the total increase with ARS443.257 million, because of increased capital transfers (ARS447.087 billion).

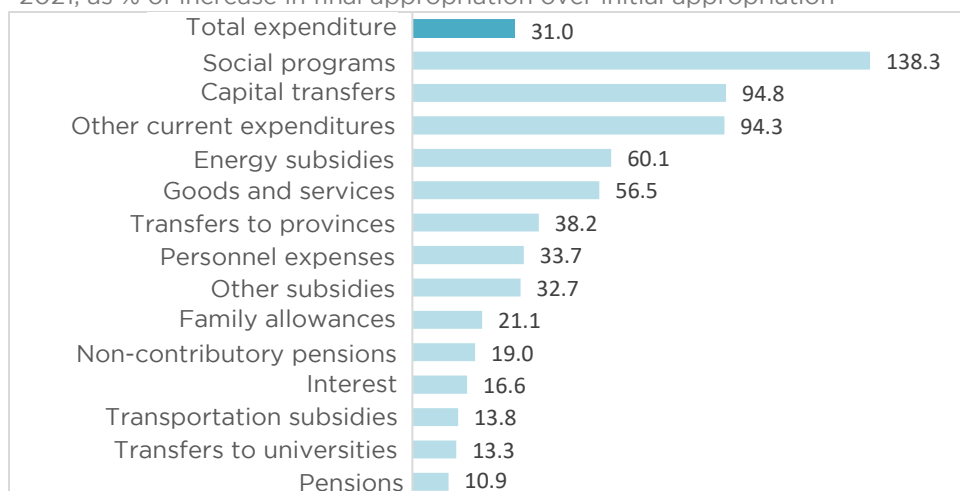
SOURCE: OPC, based on E.Sidif data and budget amendments.

<sup>6</sup> DA 85, DA 281, DA 460, DA 524, DA 613, DA 707, DNU 489, DA 822, DA 894, DNU 622, DA 946, DA 948, DA 971, DA 1014, DA 1054, DNU 809, DA 1251 and DA 1306.

The increase in personnel expenses (ARS229.831 billion) resulted from the agreed salary increases. Finally, within goods and services (ARS149.966 billion), the procurement and shipment of the vaccines against COVID-19 (ARS112.373 billion) stood out.

**Figure 2. Increase in initial appropriation of the main expenditure items**

2021, as % of increase in final appropriation over initial appropriation



SOURCE: OPC, based on E.Sidif data.

Figure 2 shows the increases in appropriations in the main expenditure components, with social programs being the item with the largest increases (138.3%).

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 by the Budget Law, as well as in the adjustment of the distribution of purposes and current expenditures to the detriment of capital expenditures or financial applications<sup>7</sup>. Within this framework, the budget amendments approved by the Chief of Cabinet of Ministers (JGM) during fiscal year 2021 did not exceed the established limits.

**Table 2. Budget amendments made by the Chief of the Cabinet of Ministers (JGM) within the framework of Section 37. Expenditure by purpose**

2021, in millions of ARS and as a %

Purpose	Total approved amount	Amendment Section 37	Section 37 - %
Gov. Management	467,278	474	0.10
Defense and Security	303,047	-25,496	-8.41
Social Services	5,565,805	216,744	3.89
Economic Services	1,393,826	110,806	7.95
Public Debt	665,039	81,128	12.2
<b>Total expenditures</b>	<b>8,394,995</b>	<b>383,657</b>	<b>4.57</b>

Budget amendments made under Section 37 implied an increase in appropriations of ARS383.657 billion. Among expenditures, “social services” was the item that increased the most in absolute terms.

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

<sup>7</sup> Section 37 of Law 24,156 establishes that “the Chief of Cabinet of Ministers may provide for the budgetary restructurings that he or 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, 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 3. Budget amendments made by the JGM within the framework of Section 37. Expenditure by economic classification**

2021, in millions of Ars and as a %.

Economic classification	Total approved amount	Amendment Section 37	Section 37 - %
Current expenditures	7,541,453	375,741	4.98
Capital expenditures	853,542	7,916	0.93
<b>Gastos totales</b>	<b>8,394,995</b>	<b>383,657</b>	<b>4.57</b>

In terms of economic classification, current expenditure increased by 4.9% and capital expenditure by 0.9%.

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

## B. Budget Execution

### B.1. Comparison with initial appropriation

#### I. Savings-Investment Scheme

Table 3 shows the 2021 Savings-Investment Scheme, which compares the executed amounts (revenues and expenditures) with the initial budget.

**Table 4. Savings-Investment Scheme. National Government Comparison of execution with the initial budget**

2021, en millones de \$ y %

Concept	Initial Appropriation	Execution	Deviation	
			ARS	%
<b>I. Current Revenues</b>	<b>6,926,003</b>	<b>8,653,459</b>	<b>1,727,456</b>	<b>24.9</b>
Tax revenues	3,862,712	4,791,738	929,026	24.1
Social Security contributions	1,839,563	2,048,727	246,041	11.4
Non-tax revenues	106,994	354,498	21,302	231.3
Sales of Goods and Services	12,732	14,287	2,574	12.2
Property Income	1,096,613	1,002,191	-94,422	-8.6
Current Transfers	7,389	442,018	434,628	5881.9
<b>II. Current Expenditures</b>	<b>7,541,453</b>	<b>9,570,459</b>	<b>2,029,006</b>	<b>26.9</b>
Social benefits	4,344,799	5,286,588	941,789	21.7
Economic subsidies	973,996	1,427,803	453,808	46.6
Personnel expenses	682,492	903,925	221,433	32.4
Goods and services	265,340	385,538	120,198	45.3
Transfers to provinces	297,507	402,637	105,130	35.3
Transfers to universities	270,848	306,321	35,474	13.1
Other current expenses	45,293	87,004	41,711	92.1
Interest	661,178	770,642	109,464	16.6
<b>III. Social Balance</b>	<b>-615,450</b>	<b>-917,000</b>	<b>-301,550</b>	<b>49.0</b>
<b>IV. Capital revenues</b>	<b>15,306</b>	<b>13,917</b>	<b>-1,390</b>	<b>-9.1</b>
<b>V. Capital expenditures</b>	<b>853,542</b>	<b>1,192,705</b>	<b>339,163</b>	<b>39.7</b>
Own Capital Revenues	285,989	249,365	-36,624	-12.8
Capital Transfers	471,548	858,217	386,669	82.0
Financial Investment	96,005	85,123	-10,881	-11.3
<b>VI. Total Revenue</b>	<b>6,941,309</b>	<b>8,667,376</b>	<b>1,726,067</b>	<b>24.9</b>
<b>VII. Total Expenditure</b>	<b>8,394,995</b>	<b>10,763,164</b>	<b>2,368,169</b>	<b>28.2</b>
<b>VIII. Primary Expenditure</b>	<b>7,733,817</b>	<b>9,992,522</b>	<b>2,258,705</b>	<b>29.2</b>
<b>IX. Primary Balance (VI-VIII)</b>	<b>-792,508</b>	<b>-1,325,147</b>	<b>-532,639</b>	<b>67.2</b>
<b>X. Financial Balance (VI-VII)</b>	<b>-1,453,686</b>	<b>-2,095,788</b>	<b>-642,103</b>	<b>44.2</b>

SOURCE: OPC, based on 2021 National Government Financial Report.

## Revenue execution

During 2021, total National Government revenue totaled ARS8,667.376 billion, implying an additional ARS1,726.067 billion over the initial estimate, with a deviation of 24.9%.

The Treasury received extraordinary resources not included in the initial estimate of the Budget Law for 2021. These resources totaled ARS645.816 billion (ARS206.722 million from the Solidarity and Extraordinary Contributions<sup>8</sup> and ARS439.044 billion from IMF SDRs). Excluding these extraordinary revenues, the difference between the amount forecast and the amount received would have amounted to ARS1,080.251 billion, with a more moderate deviation of 15.6%.

**Table 5. Total revenue. Comparison of revenue received with initial estimate**

2021, in millions of ARS and deviation %

Concept	Received 2021	Deviation	
		ARS	%
<b>Total revenue</b>	<b>8,667,376</b>	<b>1,726,067</b>	<b>24.9</b>
<b>Tax revenues</b>	<b>4,791,738</b>	<b>929,026</b>	<b>24.1</b>
VAT	1,394,544	231,077	19.9
Export duties	902,136	336,452	59.5
Income Tax	765,131	187,413	32.4
"Check tax"	739,435	117,912	19.0
PAIS Tax	69,035	-142,772	-67.4
Others	921,456	198,944	27.5
<b>Social Security Contributions</b>	<b>2,048,727</b>	<b>209,164</b>	<b>11.4</b>
<b>Non-tax revenues</b>	<b>354,498</b>	<b>247,504</b>	<b>231.3</b>
Solidarity Contributions	206,772	206,772	-
Others	147,726	40,732	38.1
<b>Goods and services</b>	<b>14,287</b>	<b>1,555</b>	<b>12.2</b>
<b>Property income</b>	<b>1,002,191</b>	<b>-94,422</b>	<b>-8.6</b>
BCRA profits	787,712	-12,288	-1.5
Others	214,479	-82,134	-27.7
<b>Current transfers</b>	<b>442,018</b>	<b>434,628</b>	<b>5881.9</b>
IMF SDRs	439,044	439,044	-
Others	2,974	-4,415	-59.8
<b>Capital revenues</b>	<b>13,917</b>	<b>-1,390</b>	<b>-9.1</b>
<b>Extraordinary net revenues</b>	<b>8,021,560</b>	<b>1,080,251</b>	<b>15.6</b>
IMF SDRs	439,044	-	-
Solidarity Contributions	206,772	-	-

The deviation in total revenues (net of extraordinary resources) was mostly explained (86.0%) by tax revenues, which were 24.1% higher than expected. The largest difference was observed in Export Duties, which was 59.5% higher than the initial estimate. The rest of the main taxes also showed positive deviations with respect to the initial estimate: VAT (19.9%), Income Tax (32.4%) and "Check Tax" (19.0%). On the other hand, revenues from the PAIS tax were lower than expected (-67.4%).

In addition, Social Security contributions were 11.4% higher than initially estimated. These performances were contrasted by the behavior of property income, which showed a negative deviation of 8.6%, driven by FGS (Sustainability Guarantee Fund) income, which was 30.7% lower than expected.

SOURCE: OPC, based on 2021 National Government Financial Report.

## Expenditure execution

Total accrued expenditures exceeded the initial appropriation by ARS2,368.169 billion (28.2%). The difference was driven by social programs, with a deviation of 128.4%.

<sup>8</sup> The Solidarity and Extraordinary Contribution was created through Law 27,605, approved in December 2020, and its estimated collection, as well as the expenditure items to be financed, were added to the National Budget at the end of May, through Administrative Decision 524.

**Table 6. Total expenditure. Comparison of accrued expenditure with initial appropriation**

2021, in millions of ARS and deviation %

Item	Accrued 2021	Deviation	
		ARS	%
<b>Total expenditure</b>	<b>10,763,164</b>	<b>2,368,169</b>	<b>28.2</b>
Pensions	3,526,598	330,065	10.3
Family allowances	572,472	87,574	18.1
Non-contributory pensions	347,347	51,880	17.6
Other programs	840,170	472,269	128.4
<i>Potenciar Trabajo</i>	221,838	114,247	106.2
Food policy	220,845	120,876	120.9
REPRO	88,554	87,340	7194.4
<i>Progresar</i> grants	43,978	15,985	57.1
Others	264,955	133,820	102.0
Energy subsidies	1,046,300	387,597	58.8
Transportation subsidies	216,523	26,250	13.8
Other subsidies	164,980	39,960	32.0
Personnel expenses	903,925	221,433	32.4
Goods and services	385,538	120,198	45.3
Transfers to provinces	402,637	105,130	35.3
Transfers to universities	306,321	35,474	13.1
Other current expenditures	87,004	41,711	92.1
Interest	770,642	109,464	16.6
Capital expenditures	1,192,705	339,163	39.7

In the increase of social programs with respect to the initial appropriation (ARS472.269 billion), the following programs stood out: REPRO (7194.4%), *Potenciar Trabajo* (106.2%), Food Policy (120.9%), and *Progresar* grants (57.1%), mainly because of the incorporation of new beneficiaries.

Energy subsidies recorded a deviation of ARS387.597 billion (58.8%), explained by higher transfers to CAMMESA, with a budget of ARS441.750 billion and an executed expenditure of ARS695.831 billion (57.5%). In addition, transfers to IEASA had a deviation of ARS138.309 billion (216.9%), and those to the Gas IV-Gas.AR Plan were lower by ARS30.748 billion (-55.3%).

SOURCE: OPC, based on 2021 National Government Financial Report.

As for capital expenditures, a difference of ARS339.163 billion (39.7%) was recorded. The increase is mainly explained by higher transfers (ARS386.669 million), which implied a deviation of 82.0% as a result of higher transfers for the Pro.Cre.Ar Trust Fund (ARS143.525 billion), for the Social Housing Trust Fund (ARS55.104 billion), AYSA S.A. (ARS48.577 billion) and IEASA (ARS45.882 billion). On the other hand, real direct investment was lower by ARS36.624 billion (-12.8%) and financial investment by ARS10,881 billion (-11.3%).

On the other hand, pension benefits showed a higher expenditure of ARS330.065 billion with respect to the budgeted appropriation (10.3%), and family allowances showed a deviation of 18.1%, mainly attributable to those benefits paid to employed workers, for which the accrued expenditure was 44.7% higher than the current appropriation, by virtue of Executive Order 719/21, which provided for an increase in family allowances. As for non-contributory pensions, there was a deviation of 17.6% (ARS51.880 billion) in the ratio of the accrued expenditure to the initial appropriation. For contributory and non-contributory pensions, the difference was the result of pension mobility and compensatory bonuses granted during the fiscal year<sup>9</sup>.

Personnel expenses accrued an additional ARS221.433 billion (32.4%) with respect to the initial appropriation, mainly because of salary increases. In the Executive Branch, which accounted for 75.9% of total personnel expenses, the accrual was 30.7% (ARS151.525 billion) higher than the initial appropriation. During 2021, payroll accrued 53.0%, of which 18.0% represented a salary increase for the fiscal year 2020. In the Judicial Branch and the Public Prosecutor's Office, salary increases

<sup>9</sup> Executive Order 218/21 (extraordinary bonuses of ARS1,500 accrued in April and May) and Executive Order 481/21 (extraordinary bonus of ARS5,000 accrued in August).

accumulated 55.8% and deviations of 89.6% and 38.5%, respectively. In the Legislative Branch, the difference was 30.7% and the salary increases accrued were 46.4% for fiscal year 2021 and 18.8% for a salary adjustment for fiscal year 2020.

Execution of goods and services amounted to ARS120.198 billion (45.3%) above the budgeted appropriation, especially expenditures for the procurement and shipment of vaccine for COVID-19, the final amount of which was ARS109.022 billion higher than the initial appropriation.

Debt interest payments had a deviation of ARS109.464 billion (16.6%), driven by short-term interest in domestic currency for which expenditures had not been estimated.

Transfers to provinces amounted to ARS105.130 billion additional to the initial budget (35.3%), including transfers to the Autonomous City of Buenos Aires pursuant to Law 27,606, which amounted to ARS29.319 billion and for which no disbursements had been estimated at the beginning of the fiscal year. In addition, transfers to the provincial pension funds, to FONID (National Teacher Incentive Fund) and to the Fiscal Strengthening Fund of the Province of Buenos Aires, registered deviations of 33.1%, 27.9% and 16.2%, respectively, with respect to the initial appropriation.

Other current expenditures showed a difference of 92.1% (ARS41.711 billion), reflecting expenditures made under the “*Pre-Viaje*” tourism promotion program, whose initial appropriation increased from ARS4 million to an accrual of ARS30.3 billion.

Transfers to universities reflected a deviation of 13.1% (ARS35.474 billion) attributable to the salary increases agreed for the personnel of national universities. In 2021 salary guideline accumulated 51.0%, of which 10.0% were to salary increases for 2020.

Transportation subsidies were ARS26.25 billion higher than the initial appropriation (13.8%). This was explained by transfers to *Operador Ferroviario S.E.* with a difference of ARS11.509 billion (17.0%) and to *Corredores Viales S.A.*, which had a deviation of ARS9.353 billion (792.6%). Those made to the Transportation Infrastructure System Trust Fund (*Fondo Fiduciario del Sistema de Infraestructura del Transporte*) (FFSIT) were equivalent to those budgeted (ARS106.6 billion).

Finally, other economic subsidies showed a higher expenditure of ARS39.96 billion (32.0%), explained by transfers to the National Fund for Productive Development (FONDEP) and to the Argentine Postal Service (*Correo Argentino*), with deviations of 62.3% and 319.6%, respectively, compared to the initial appropriation. On the other hand, transfers to the Argentine Guarantee Fund (FoGAR) were lower than budgeted (-64.5%).

## II. Execution of the Solidarity and Extraordinary Contribution

The Solidarity and Extraordinary Contribution was created through Law 27,605, approved in December 2020, and its estimated collection, as well as the expenditure items that were expected to be financed, were included in the National Budget at the end of May 2021, through administrative decision 524. It amounts to ARS191.25 billion<sup>10</sup> to cover specific expenses of the Central Government, which were increased by ARS13.39 billion through DNU 809 at the end of November.

Table 7 shows initial appropriation, current appropriation as of December 31 and execution.

<sup>10</sup> This amount relates to the Central Government. The estimated annual revenue amounts to ARS225 billion, with the difference going to the Socio-Urban Integration Fund (*Fondo de Integración Socio Urbana*).

**Table 7. Execution of expenditure items financed with the Solidarity and Extraordinary Contribution**

2021, in millions of ARS and execution %

Item	Initial Appropriation	Current Appropriation	Accrued	Exec. %
<b>Medical equipment - 20%</b>	<b>45,000</b>	<b>48,150</b>	<b>48,061</b>	<b>99.8</b>
Procurement and shipment of COVID-19 vaccine	41,439	44,589	46,750	104.8
Vaccines of the national vaccination schedule	2,175	2,175	-	-
Medical and laboratory equipment	801	801	729	91.1
Favaloro Hospital	92	92	92	100.0
ANLIS	217	217	214	98.6
Posadas Hospital	276	276	275.7	99.9
<b>Subsidies to MIPyMES program (REPRO II) - 20%</b>	<b>45,000</b>	<b>48,150</b>	<b>48,150</b>	<b>100.0</b>
<b>Progresar grants - 20 %</b>	<b>45,000</b>	<b>48,150</b>	<b>18,150</b>	<b>37.7</b>
<b>Energy programs and projects (IEASA) - 25%</b>	<b>56,250</b>	<b>60,190</b>	<b>60,190</b>	<b>100.0</b>
<b>Total</b>	<b>191,250</b>	<b>204,640</b>	<b>174,551</b>	<b>85.3</b>

SOURCE: OPC, based on E.Sidif.

### III. Net financing

Net financing, which is the counterpart of the financial deficit and is equivalent to the difference between Financial Sources and Financial Applications, reached ARS2,095.788 billion (4.5% of GDP) in 2021. Excluding figurative transfers, Financial Sources totaled ARS6,310.650 billion, and Financial Applications amounted to ARS4,214.682 billion.

Financial Sources and Financial Applications constitute what are commonly referred to as "below the line" operations of the Savings-Investment-Financing Scheme (AIF). They include the financing and payment of amortizations of public debt operations with private creditors and public sector agencies, as well as liability transactions that are not part of the public debt (such as the consolidation of debts with suppliers) and other financial asset transactions classified as Financial Investments (advances to suppliers and contractors, cash and bank transactions, among others).

#### Financial Sources

"Public Debt operations and Increase in Other Liabilities" totaled ARS6,104.298 billion, which was 2.5% (ARS156.071 billion) less than the initial budget. This amount was composed of Public Debt and Loan operations for ARS3,133.266 billion (51.3% of the total), "Increase in Other Liabilities" for ARS2,253.049 billion (36.9%) and increase in Debt Due for ARS717.983 billion (11.8%), which represents the disbursements accrued during 2021 that had not yet been paid by the end of the year.

**Table 8. Execution of Financial Sources**

In millions on ARS

Item	Initial Appropriation	Current Appropriation	Final accrual	Deviation Execution	
				ARS	%
<b>Financial Sources</b>	<b>6,452,854</b>	<b>7,645,678</b>	<b>6,310,650</b>	<b>-142,204</b>	<b>-2.2</b>
Decrease in Financial Investments	<b>192,484</b>	<b>172,361</b>	<b>206,351</b>	<b>13,867</b>	<b>7.2</b>
Cash, Banks, and Temporary Investments	171,399	84,857	686	-170,713	-99.6
Other financial assets	21,085	87,504	117,225	96,140	456.0
Decrease in contributions receivable	N.B.	N.B.	88,440	-	-
<b>Public Debt and Increase in Liabilities</b>	<b>6,260,369</b>	<b>7,473,317</b>	<b>6,104,298</b>	<b>-156,071</b>	<b>-2.5</b>
Public debt and loans	4,370,683	5,418,631	3,133,266	-1,237,417	-28.3
Long-term foreign currency debt placements	584,665	956,958	697,330	112,665	19.3
Long-term local currency debt placement	3,437,098	4,189,891	2,093,925	-1,343,173	-39.1
Long-term borrowings	348,921	271,782	342,011	-6,909	-2.0
Other liabilities	<b>1,889,686</b>	<b>2,054,686</b>	<b>2,253,049</b>	<b>363,363</b>	<b>19.2</b>
BCRA advances	1,889,686	1,889,686	2,088,049	198,363	10.5
Other short-term payables	0	165,000	165,000	165,000	-
Debt due	N.B.	N.B.	717,983	-	-

N.B.: Not budgeted.

Note: excludes figurative transfers for financial applications.

SOURCE: OPC, based on 2021 National Government Financial Report and E.Sidif.

As for the placement of government securities, issuances in domestic currency predominated (ARS2,093.925 billion), mostly composed of Treasury bills (ARS1,582.571 billion), especially those CER-adjusted and other non-adjusted discount bills (LEDES and LELITES). In addition, bonds in pesos were issued for ARS511.354 billion, including fixed rate bonds BONTE 2022 (TY22P) for ARS200.128 billion, floating rate bonds plus a margin BONTE 2023 (TB23) for ARS43.062 billion, and CER-adjustable bonds in pesos BONCER 2023 (T2X3) and BONCER 2024 (TX24) for ARS123.009 billion and ARS12.529 billion, respectively.

Placements of government securities in foreign currency (ARS697.33 billion) included Treasury bills in dollars for ARS414.278 billion and bonds in dollars payable in dollar-linked pesos maturing in 2022 for ARS283.051 billion.

Long-term loans (ARS342.011 billion) included disbursements from the IDB (ARS143.271 billion), the World Bank (ARS106.164 billion) and CAF (ARS63.673 billion). The rest were loans from other multilateral and bilateral organizations.

On the other hand, "Increase in Other Liabilities" (ARS2,253.049 billion) included gross placements of Central Bank Temporary Advances (ARS2,088.049 billion), instruments related to the use of funds from the Single Treasury Account (CUT) (ARS85 billion) and the Unified Fund of Official Accounts (FUCO) (ARS80 billion).

### Financial Applications

Expenditures for "Debt Amortization and Decrease in Other Liabilities" totaled ARS3,483.328 billion, being 21.2% (ARS934.342 billion) below the initial appropriation. Amortization of Public Debt and Loans amounted to ARS2,178.545 billion (62.5% of the total) and "Decrease in Other Liabilities" amounted to ARS1,304.783 billion (37.5%).

**Table 9. Execution of Financial Applications**

In millions of ARS

Item	Initial Appropriation	Current Appropriation	Final accrual	Deviation	
				ARS	%
Financial Applications	<b>4,999,168</b>	<b>5,253,988</b>	<b>4,214,862</b>	<b>-784,306</b>	<b>-15.7</b>
Financial Investments	<b>581,498</b>	<b>544,944</b>	<b>731,534</b>	<b>150,036</b>	<b>25.8</b>
Cash, Banks, and Temporary Investments	163,969	105,032	255,027	91,058	55.5
Other financial assets	417,528	439,912	319,060	-98,469	-23.6
Increase in contributions receivable	N.B.	N.B.	157,447	-	-
Amortization of debt and decrease in other liabilities	<b>4,417,670</b>	<b>4,709,044</b>	<b>3,483,328</b>	<b>-934,342</b>	<b>-21.2</b>
Public debt and loans	2,669,598	2,940,917	2,178,545	-491,052	-18.4
Amortization of long-term debt in foreign currency	152,618	257,718	102,363	-50,255	-32.9
Amortization of long-term debt in domestic currency	2,176,882	1,913,682	1,369,725	-807,157	-37.1
Amortization of long-term loans	200,741	642,161	601,260	400,519	199.5
Cancellation of non-financial debt in domestic currency	139,356	127,356	105,197	-34,159	-24.5
Decrease in other liabilities	1,748,072	1,768,127	1,304,783	-443,289	-25.4
Repayment of BCRA advances	1,489,686	1,489,686	1,175,450	-314,236	-21.1
Decrease in other long-term payables	38,386	58,441	58,333	19,947	52.0
Decrease in other short-term payables	220,000	220,000	71,000	-149,000	-67.7

N.B.: Not budgeted.

Note: excludes figurative transfers for financial applications.

SOURCE: OPC, based on 2021 National Government Financial Report and E.Sidif.

As for debt amortization, most maturities of securities in domestic currency (ARS1,369.725 billion), including payments of BONCER 2021 (T2X1, TC21 and TX21), CER-adjusted Treasury bills (LECER), fixed and floating rate bills in pesos (LEDES, LELITES, LEBAD and LEPASE) and fixed-rate Treasury bonds (TS21 and TO21).

Amortization of securities in foreign currency amounted to ARS102.363 billion, including BONTE 2021 (T2V1) for ARS52.113 billion. There were also payments for Treasury bills to the province of Mendoza, bonds of the Natural Gas Program and Treasury bills in dollars issued to CMEA (China Machinery Engineering Argentina).

Long-term Loan Amortizations (ARS601.26 billion) included payments to the International Monetary Fund (IMF) for the 2018 Stand-By loan (ARS373.638 billion) and the cancellation of debts with the IDB, CAF, the World Bank, and the China Development Bank (CDBD).

Repayment of non-financial debt in domestic currency (ARS105.197 billion) included amortizations of debt by ANSES (ARS62.252 billion), and the Institute of Financial Assistance for Military Retirement and Pension Payments (ARS36.365 billion).

The decrease in Other Liabilities (ARS1,304.783 million) is explained by the gross repayments of Temporary Advances from the Central Bank (ARS1,175.45 billion). In addition, there was a decrease in other accounts payable (ARS58.333 billion), composed of financial applications for various programs, and a decrease in short-term notes payable (ARS71 billion) for the return of funds from the CUT and FUCO.



## B.2. Comparison with fiscal year 2020 execution

### I. Savings-Investment Scheme

Table 10 shows the 2021 Savings-Investment scheme, which compares the amounts executed (received in revenues and accrued in expenditures) in relation to the previous fiscal year.

**Table 10. Savings-Investment Scheme. National Government**

2020-2021, in millions of ARS, YoY nominal and real var. %, and as a % of GDP

Item	In millions of ARS		YoY Var. %		% of GDP	
	2020	2021	Nom.	Real	2020	2021
<b>I. Current revenues</b>	<b>5,893,123</b>	<b>8,653,459</b>	<b>46.8</b>	<b>-1.1</b>	<b>21.7</b>	<b>18.7</b>
Tax revenues	2,669,879	4,791,738	79.5	20.9	9.8	10.4
Social Security contributions	1,318,698	2,048,727	55.4	4.7	4.8	4.4
Non-tax revenues	96,385	354,498	267.8	147.8	0.4	0.8
Sales of Goods and services	8,662	14,287	64.9	11.1	0.0	0.0
Property income	1,794,028	1,002,191	-44.1	-62.4	6.6	2.2
Current transfers	5,471	442,018	7979.2	5343.9	0.0	1.0
<b>II. Current expenditures</b>	<b>6,647,340</b>	<b>9,570,459</b>	<b>44.0</b>	<b>-3.0</b>	<b>24.4</b>	<b>20.7</b>
Social benefits	3,956,317	5,286,588	33.6	-10.0	14.5	11.4
Economic subsidies	739,354	1,427,803	93.1	30.1	2.7	3.1
Wages and salaries	580,591	903,925	55.7	4.9	2.1	2.0
Goods and services	162,532	385,538	137.2	59.8	0.6	0.8
Transfers to provinces	340,514	402,637	18.2	-20.3	1.3	0.9
Transfers to universities	205,890	306,321	48.8	0.2	0.8	0.7
Other current expenditures	37,328	87,004	133.1	57.1	0.1	0.2
Interest	624,816	770,642	23.3	-16.9	2.3	1.7
<b>III. Fiscal Balance</b>	<b>-754,217</b>	<b>-917,000</b>	<b>21.6</b>	<b>-18.1</b>	<b>-2.8</b>	<b>-2.0</b>
<b>IV. Capital revenues</b>	<b>88,705</b>	<b>13,917</b>	<b>-84.3</b>	<b>-89.4</b>	<b>0.3</b>	<b>0.0</b>
<b>V. Capital expenditures</b>	<b>354,089</b>	<b>1,192,705</b>	<b>236.8</b>	<b>127.0</b>	<b>1.3</b>	<b>2.6</b>
Real direct investment	99,149	249,365	151.5	69.5	0.4	0.5
Capital transfers	201,475	858,217	326.0	187.0	0.7	1.9
Financial investment	53,465	85,123	59.2	7.3	0.2	0.2
<b>VI. Total revenues</b>	<b>5,981,828</b>	<b>8,667,376</b>	<b>44.9</b>	<b>-2.4</b>	<b>22.0</b>	<b>18.7</b>
<b>VII. Total expenditure</b>	<b>7,001,429</b>	<b>10,763,164</b>	<b>53.7</b>	<b>3.6</b>	<b>25.7</b>	<b>23.3</b>
<b>VIII. Primary expenditure</b>	<b>6,376,614</b>	<b>9,992,522</b>	<b>56.7</b>	<b>5.6</b>	<b>23.4</b>	<b>21.6</b>
<b>IX. Primary Balance (VI-VIII)</b>	<b>-394,785</b>	<b>-1,325,147</b>	<b>235.7</b>	<b>126.2</b>	<b>-1.5</b>	<b>-2.9</b>
<b>X. Financial Balance (VI-VII)</b>	<b>-1,019,601</b>	<b>-2,095,788</b>	<b>105.5</b>	<b>38.5</b>	<b>-3.7</b>	<b>-4.5</b>
BCRA profits	1,606,983	787,712	-51.0	-67.0	5.9	1.7
<b>XI. Fiscal Balance without BCRA</b>	<b>-2,361,200</b>	<b>-1,704,712</b>	<b>-27.8</b>	<b>-51.4</b>	<b>-8.7</b>	<b>-3.7</b>
<b>XII. Primary Balance without BCRA</b>	<b>-2,001,768</b>	<b>-2,112,859</b>	<b>5.5</b>	<b>-28.9</b>	<b>-7.4</b>	<b>-4.6</b>
<b>XIII. Financial Balance without BCRA</b>	<b>-2,626,584</b>	<b>-2,883,501</b>	<b>9.8</b>	<b>-26.0</b>	<b>-9.7</b>	<b>-6.2</b>

SOURCE: OPC, based on 2021 National Government Financial Report.

### Revenue execution

During 2021, total revenues (ARS8,667.376 billion) showed a decrease in real terms of 2.4% compared to the previous year, driven by property income (-62.4% YoY), which included transfers of profits from the BCRA for ARS1,606.983 billion during 2020 and for ARS787.712 billion during 2021. Excluding these resources, total revenues would have expanded by 21.4% YoY.

The recorded growth (21.4% YoY) was attributed to tax revenues (20.9% YoY) and Social Security contributions (4.7% YoY). In addition, ARS439.044 billion were received from the allocation of SDRs by the IMF included within current transfers, and ARS206.772 billion from the Solidarity and Extraordinary Contribution recorded as non-tax revenues. Excluding these extraordinary resources, total revenues would have shown a more moderate increase of 11.4% YoY. Together, the Solidarity



and Extraordinary Contribution and the IMF SDRs generated an exceptional revenue equivalent to 1.4% of GDP.

**Table 11. National Government revenues**

2021, in millions of ARS and YoY real var. %

Item	2021	YoY real var. %	% of GDP
<b>Total revenues</b>	<b>8,667,376</b>	<b>-2.4</b>	<b>18.7</b>
BCRA profits	787.712	-67,0	1,7
<b>BCRA Net Revenues</b>	<b>7.879.663</b>	<b>21,4</b>	<b>17,0</b>
<b>Tax Revenues</b>	<b>4.791.738</b>	<b>20,9</b>	<b>10,4</b>
VAT	1.394.544	18,3	3,0
Export Duties	902.136	67,1	1,9
Income Tax	765.131	15,2	1,7
Check Tax	739.435	13,0	1,6
PAIS Tax	69.035	-44,1	0,1
Others	921.456	15,0	2,0
<b>Social Security contributions</b>	<b>2.048.727</b>	<b>4,7</b>	<b>4,4</b>
Employer contributions	1.242.859	5,2	2,7
Personal Contributions	769.898	2,8	1,7
Others	35.970	32,6	0,1
<b>Non-tax Revenue</b>	<b>354.498</b>	<b>147,8</b>	<b>0,8</b>
Solidarity and Extraordinary contr.	206.772	-	0,4
Others	147.726	3,3	0,3
<b>Goods and services</b>	<b>14.287</b>	<b>11,1</b>	<b>0,0</b>
Property income (*)	<b>214.479</b>	<b>-22,7</b>	<b>0,5</b>
<b>Current transfers</b>	<b>442.018</b>	<b>5.343,9</b>	<b>1,0</b>
IMF SDRs	439.044	-	0,9
Others	2.974	-63,4	0,0
<b>BCRA Net Revenues</b>	<b>13.917</b>	<b>-89,4</b>	<b>0,0</b>

(\*) Excludes profits transferred from the BCRA.

SOURCE: OPC, based on 2021 National Government Financial Report.

The increase in tax revenues (20.9% YoY) was due to the improvement in the level of economic activity, after the negative effects of the COVID-19 pandemic. The collection of Export Duties expanded (67.1% YoY) because of the increase in prices and quantities of certain products that comprise the soybean, wheat, and corn complex. Contrasting this dynamic, PAIS tax collection contracted (44.1% YoY) due to the restriction on the purchase of dollars by individuals.

As for the variation in Social Security contributions (4.7% YoY), it is partly attributed to the low base of comparison, given that during 2020 fiscal relief measures for certain sectors affected by the health crisis were in force.

The increase in non-tax revenues is explained by the Solidarity and Extraordinary Contribution, and the increase in current transfers was the result of the IMF's SDRs.

Property income fell (22.7% YoY) due to interest from the FGS (-16.5% YoY).

Finally, capital resources contracted (-89.4% YoY) because of the high base of comparison involving the FGS assets sale, with no income in 2021.

## Expenditure execution

Total expenditure amounted to ARS10,763.164 billion, reflecting an expansion of 3.6% YoY. Primary expenditures grew by 5.6% YoY and interest on debt decreased by 16.9% YoY.

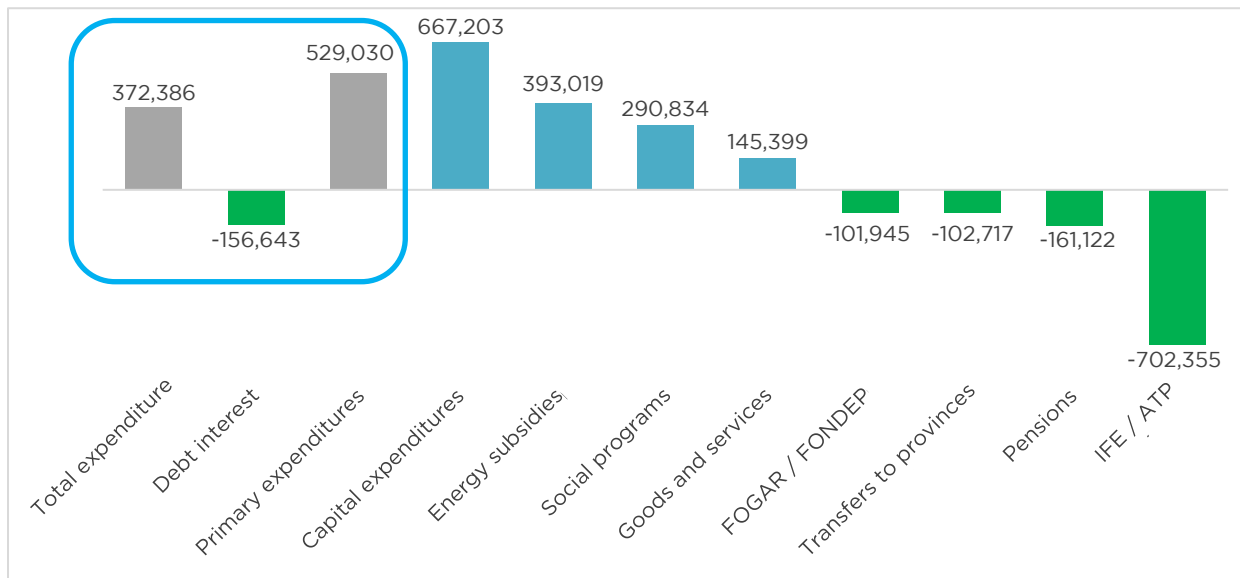
Expenditures showed a mixed performance by item. Capital expenditures and energy subsidies led the expansion, with increases of 127.0% YoY and 60.2% YoY, respectively, whereas pensions fell by 4.4% YoY. Likewise, social programs fell by 32.8% YoY.

The decrease in social programs was explained by the discontinuation of the IFE and the ATP, which was partially offset by the budget reinforcement in other initiatives such as *Potenciar Trabajo*, Food Policy, *Progresar* grants and REPRO.

Figure 3 shows the variations of the main expenditure items in constant currency.

**Figure 3. Total expenditures. Year-on-year variation in constant currency**

2021, in millions of constant ARS (2021)



SOURCE: OPC, based on 2021 National Government Financial Report.

The National Government Financial Report includes in Volume II data related to the analysis of production and performance indicators, as provided for in Section 95 of the Financial Administration Law<sup>11</sup>. The 2021 National Government Budget was structured by budget categories<sup>12</sup> as shown in Table 12.

**Table 12. Budget execution and structure by programmatic category**

2021, in millions of ARS, number of programs, and as a %.

Programmatic category	Current Appropriation	Accrued	Execution %	Number of programs	Monitored	Monitored %
Core and Common Activities	319,740	303,495	94.9	75	13	17.3
Programs	8,626,573	8,448,347	97.9	390	339	86.9
Other programmatic categories	2,054,095	2,011,323	97.9	33	-	-
<b>Total</b>	<b>11,000,407</b>	<b>10,763,164</b>	<b>97.8</b>	<b>498</b>	<b>352</b>	<b>70.7</b>

SOURCE: OPC, based on 2021 National Government Financial Report.

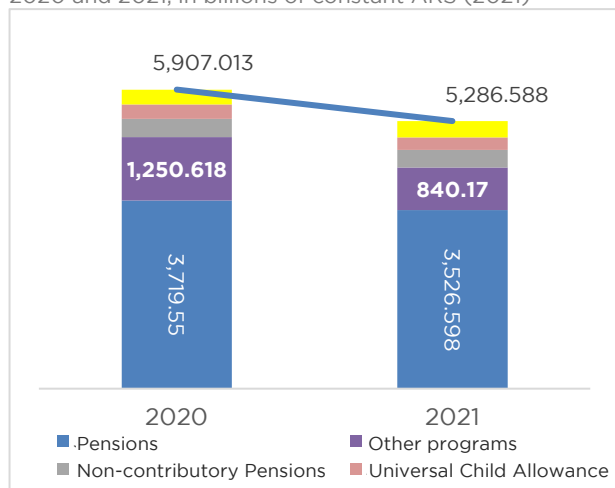
Table 12 shows that 78.5% of the total expenditure executed by the National Government fell into the “Programs” category, with the remaining 21.5% concentrated in “Core and Common Activities” (2.8%) and “Other Budget Categories” (18.7%).

<sup>11</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>12</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 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 used to record transfers within the public sector.

## Figure 4. Evolution of social security benefits

2020 and 2021, in billions of constant ARS (2021)



Of social benefits, pensions recorded a decline of 4.4% YoY in real terms, and non-contributory pensions fell by 2.3% YoY, mainly due to the impact of the pension mobility formula. On the other hand, family allowances, also adjusted by the same mobility formula, recorded a more moderate contraction of 0.9% YoY, because of the monthly supplement provided in October 2021 by Executive Order 719/21 and the extraordinary bonus of ARS15,000 for AUH beneficiaries in the Greater Buenos Aires area, in accordance with Executive Order 261/21.

SOURCE: OPC, based on 2021 National Government Financial Report.

The distribution of physical goals, accrued expenditures and average benefit by programmatic category is shown in Table 13.

## Table 13. Physical and financial execution of pension programs

2020-2021, in number of benefits, financial execution, and average monthly benefit in ARS

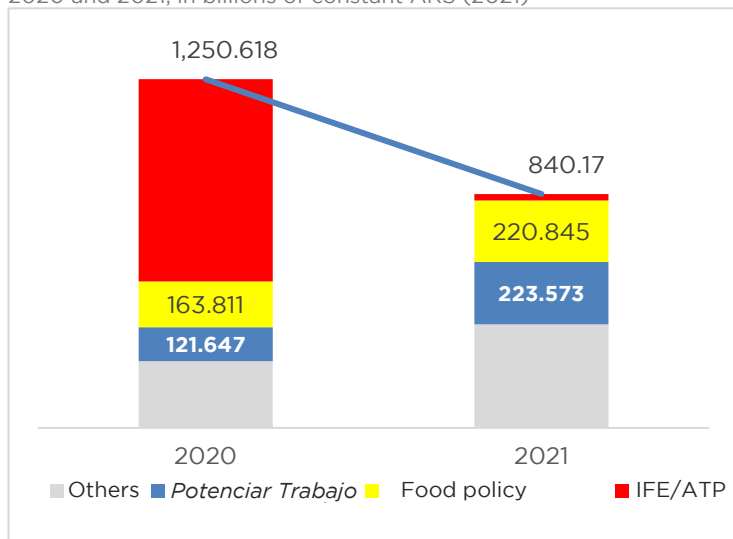
Program	Physical goal (in number of benefits)		Financial execution (in millions of ARS)		Average monthly benefit (ARS)		YoY Real Var. %
	2020	2021	2020	2021	2020	2021	
Pension Benefits under the PAYG Regime	3,089,745	3,111,536	1,300,936	1,818,515	32,162	44,957	-5.8
Pension Benefits under Pension Moratoriums	3,533,554	3,571,503	783,920	1,082,717	16,884	23,320	-6.9
Former Provincial Pension Funds	119,382	115,241	75,277	98,522	50,247	65,763	-11.8
Former Combatants and Reparatory Regime	28,276	28,074	15,990	22,322	43,812	61,162	-5.9
Universal Pension for Older Adults	168,179	208,016	30,443	51,263	11,258	18,957	13.5
National Gendarmerie	16,841	16,981	17,537	29,778	79,441	134,892	14.4
Federal Police, Airport Security, and others	58,129	59,437	53,015	85,771	68,611	111,005	9.0
Argentine Naval Prefecture	14,312	14,874	13,010	22,564	67,283	116,693	16.9
Federal Penitentiary Service	12,542	12,588	11,196	17,545	68,418	107,217	5.6
Social welfare benefits	82,400	82,833	73,629	120,537	68,376	111,937	10.3
Council of Magistrates' pension Benefits	80	47	209	351	341,412	575,238	13.5
Park Rangers' pension benefits	227	264	181	256	52,786	74,677	-4.7
<b>Total Pensions (*)</b>	<b>7,123,667</b>	<b>7,221,394</b>	<b>2,375,343</b>	<b>3,350,143</b>	<b>25,302</b>	<b>35,686</b>	<b>-5.0</b>
Non-contributory pensions (DNU 746/17)	363,887	361,381	77,177	104,629	16,428	22,271	-8.7
Non-Contributory Pensions for Occupational Disability	1,031,930	1,032,147	162,321	242,718	12,097	18,089	0.8
<b>Total Non-contributory pensions</b>	<b>1,395,817</b>	<b>1,393,528</b>	<b>239,498</b>	<b>347,347</b>	<b>13,220</b>	<b>19,174</b>	<b>-2.3</b>

(\*) It does not include transfers to PAMI (ARS112.574 billion) or pension benefit supplements (ARS63.882 billion).

SOURCE: OPC, based on 2021 National Government Financial Report.

### Figure 5. Evolution of social programs

2020 and 2021, in billions of constant ARS (2021)

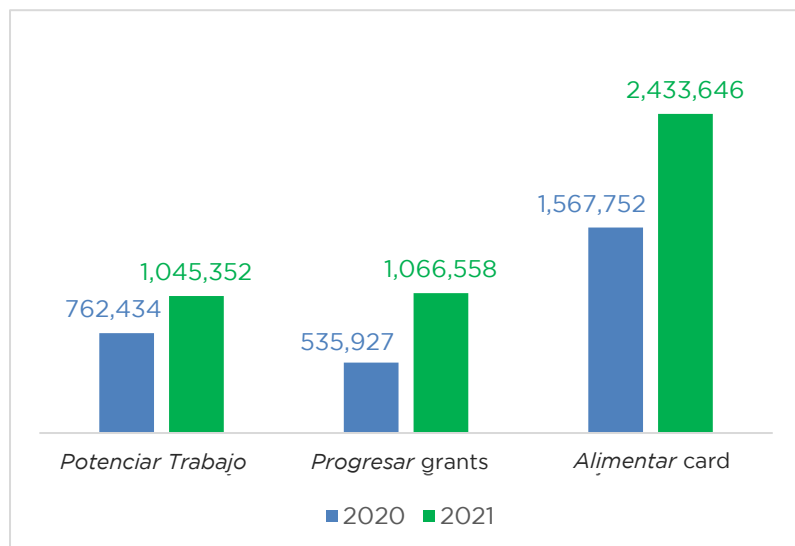


Social programs (15.9% of total social benefits) fell 32.8% YoY, a dynamic resulting from a high base of comparison after the implementation of the IFE and ATP during 2020. If these items were discounted, social programs would have shown an increase of 55.4% YoY. Within these programs, the increase in the *Potenciar Trabajo* (83.8% YoY) and Food Policy (34.8% YoY) stands out, mainly because of the increase in the number of new beneficiaries.

SOURCE: OPC, based on 2021 National Government Financial Report.

### Figure 6. Physical execution of selected social programs

2020 and 2021, number of beneficiaries



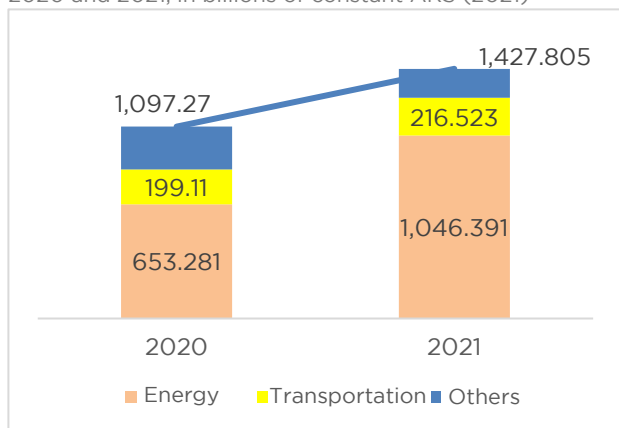
In May 2021, the age range covered by the *Alimentar Card* was extended to 14 years old inclusive, and coverage was extended to mothers of 7 or more children who are recipients of non-contributory pensions. Thus, the number of benefits increased by 55.2% YoY, from 1.6 million to 2.4 million (3.9 million children). Additionally, as from February, the benefit was increased by 50% (from ARS 4,000 / ARS 6,000 depending on 1/2 or more children, ARS 6,000/ARS 9,000 / ARS 12,000 depending on 1/2/3 or more children).

SOURCE: OPC, based on 2021 National Government Financial Report.

As for the *Potenciar Trabajo* program, the increase was the result of the incorporation of new beneficiaries (+282,918; +37.1% YoY) and the real increase in the amount of the benefit based on the evolution of the Minimum Wage (51.4% YoY vs. 48.4% YoY of inflation).

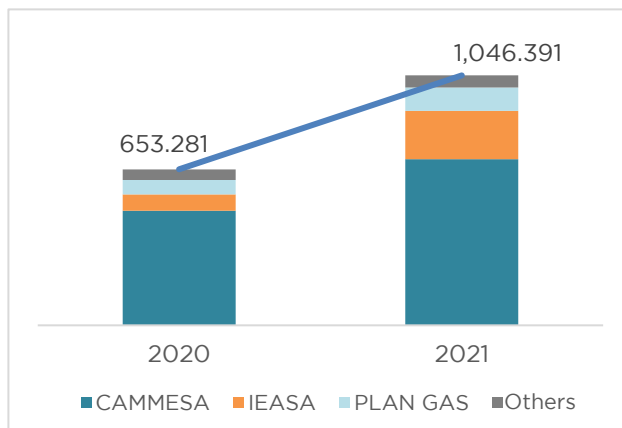
**Figure 7. Evolution of economic subsidies**

2020 and 2021, in billions of constant ARS (2021)



**Figure 8. Evolution of energy subsidies**

2020 and 2021, in billions of constant ARS (2021)

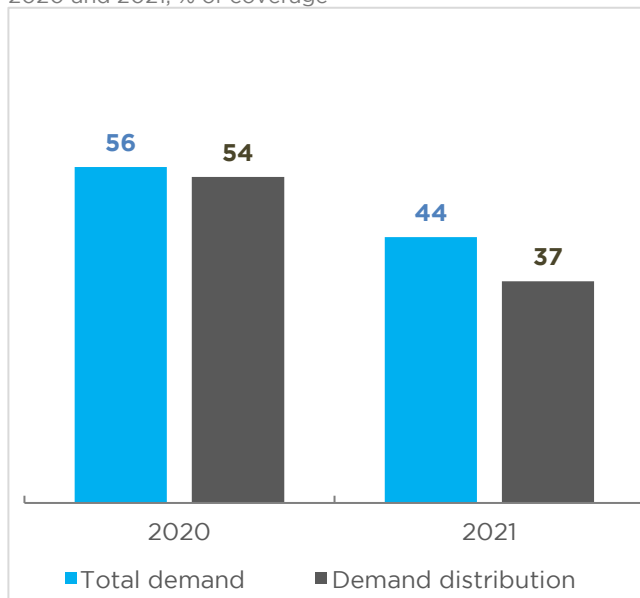


SOURCE: OPC, based on 2021 National Government Financial Report.

The expansion of economic subsidies (+30.1% YoY) was mainly due to the increase in energy subsidies, which rose 60.2% YoY in real terms, while transportation subsidies increased by 8.7% YoY. On the other hand, the rest of the components recorded a 32.7% YoY fall, as a result of the evolution of transfers to FONDEP/FOGAR, which represented 47% of this item and fell by 56.8% YoY.

**Figure 9. Coverage of the wholesale electricity cost through the tariff paid by users**

2020 and 2021, % of coverage



As for energy subsidies (2.3% of GDP), transfers to CAMMESA (Argentine Wholesale Electricity Market Clearing Company) stood out, which amounted to ARS695.831 billion (45.1% YoY), basically as a result of the growing gap between generation costs and tariffs. In this respect, the monomic price averaged USD 72/MWh in 2021, 22.5% above the previous year, mainly explained by the increase in the price of Argentine natural gas and imported fuels, while the seasonal price (paid by the demand for distribution) stood at USD 26/MWh, a decrease of 16.7% YoY. As a result, the percentage of the tariff paid by users represented 37% of the cost during 2021, 17 p.p. lower than the previous year (54%).

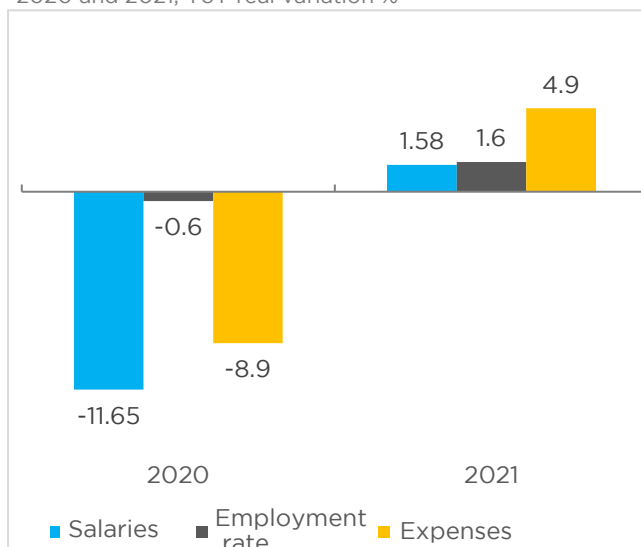
SOURCE: OPC, based on 2021 National Government Financial Report and CAMMESA

On the other hand, transfers to IEASA (*Empresa Integración Energética Argentina S.A* - Argentine Energy Integration Company) showed an increase of 192.7% YoY, which was explained both by the increase in the difference between the sale price in the domestic market and the import prices of natural gas (Bolivia) and liquefied natural gas (LNG), and by the transfer of ARS60.19 billion as Solidarity Contribution (Law 27,605). Finally, in terms of subsidies to natural gas supply, ARS98.509

billion (+65.5% YoY) were executed under Resolution 46/2017 and the Gas IV - Gas.AR Plan (DNU892/2020), with a subsidized production volume of 11,680 million m<sup>3</sup>, which more than doubles the physical execution of the previous year.

### Figure 10. Evolution of employment, salaries, and personnel expenses

2020 and 2021, YoY real variation %



Personnel expenses (ARS903.94 billion) recorded an increase of 4.9% YoY, basically as a result of a 1.6% YoY increase in the employment rate and a 1.6% increase in salaries<sup>13</sup>. The guideline for the salary increase of the Executive Branch agents consisted of a 4% increase as from February, 6% in March and another 8% increase as from May, to which are added the first 4 increases of the guideline agreed upon during 2021 (10% June, 9% August, 11% September and 5% October). In the Legislative Branch, the increases for 2021 accumulated 46.4% and had an 18.8% recomposition for 2020. For its part, the Judicial Branch and the Public Prosecutor’s Office accrued a salary increase of 55.8% during 2021.

SOURCE: OPC, based on 2021 National Government Financial Report and Fiscal Bulletin of the Ministry of Treasury.

Expenditures on goods and services, which amounted to ARS385.538 billion, increased by 59.8% YoY, largely as a result of the procurement and shipment of the COVID-19 vaccine, which amounted to ARS111.129 billion. Expenditure for the national elections (ARS19.668 billion) also had an impact.

### Table 14. Current transfers to provinces

2020 and 2021, in millions of ARS and YoY real variation %

Item	2020	2021	YoY real variation %
National Treasury Contributions (ATN)	67,195	39,023	-60.9
Financial Assistance to Provinces and Municipalities	82,351	38,056	-68.9
Provincial Pension Funds	36,225	58,538	8.9
Fiscal Strengthening Fund of the Province of Buenos Aires	12,838	58,066	204.8
FONID	39,024	56,995	-1.6
Miscellaneous Transfers Health	15,803	34,941	49.0
Regulation of Law 27.606- CABA	0	29,319	-
Others	87,078	87,699	-32.1
<b>Total</b>	<b>340,514</b>	<b>402,637</b>	<b>-20.3</b>

SOURCE: OPC, based on 2021 National Government Financial Report.

Current transfers to provinces (ARS402.603 billion) decreased by 20.3% YoY, basically because of the reduction in financial assistance to provinces and municipalities (-68.9% YoY) and in Contributions from the National Treasury (-60.9% YoY). On the other hand, transfers to provincial

<sup>13</sup> The evolution of the real salary was determined based on the inflation index published by INDEC and the average quarterly salary of the Collective Bargaining Agreement for Workers of the National Government (DNU 214/2006), published in the Fiscal Bulletin of the Secretariat of Treasury of the Ministry of Economy.

pension funds increased 8.9% YoY. Also noteworthy are the transfers to the Fiscal Strengthening Fund of the Province of Buenos Aires (ARS58.066 billion), which grew 204.8% YoY, and those transfers to the Autonomous City of Buenos Aires under Law 27.606, which approves the agreement for the progressive transfer of security powers and functions in all non-federal matters exercised in that city, which amounted to ARS29.319 billion, with no records in 2020.

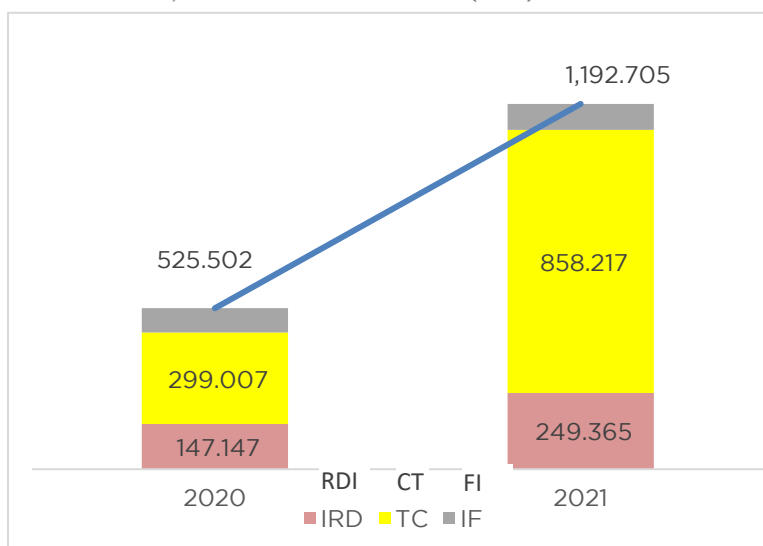
Transfers to universities amounted to ARS306.323 billion and recorded a slight increase in real terms (0.2% YoY) because of the current wage policy.<sup>14</sup>

Other current expenditures (ARS87.004 billion) increased by 57.1% YoY, mainly driven by expenditures for tourism promotion (ARS30.301 million) within the framework of the "Pre-viaje" program.

Debt interest payments amounted to ARS770.642 billion, a decrease of 16.9% YoY. The decrease was attributable to lower interest payments in foreign currency, resulting from lower interest coupons accruing on bonds issued under the restructurings of securities in foreign currency, under foreign and Argentine law, completed in September 2020. Interest services in pesos decreased in 2021, based on the fall in implicit rates in placements and the higher weighting of securities issuances payable in pesos linked to CER and the US dollar.

### Figure 11. Evolution of capital expenditures

2020 and 2021, in billions of constant ARS (2021)



Capital expenditures (ARS1,192.705 billion) increased by 127.0% compared to the previous year's execution. This was attributable to increases in capital transfers (187.0% YoY), real direct investment (69.5% YoY) and financial investment (7.3% YoY). Financial investment increased as a result of higher capital contributions to *Aerolíneas Argentinas* and the Fund for Structural Convergence of Mercosur (FOCEM).

SOURCE: OPC, based on 2021 National Government Financial Report.

<sup>14</sup> A 10.0% of the salary adjustment from the previous year was accrued during the 2021 fiscal year. In addition, 41.0% of the guideline agreed for 2021 was accrued.



**Table 15. Real direct investment and capital transfers by function**

2020 and 2021, in millions of ARS and YoY real variation %

RDI by function	2020	2021	YoY real variation %	CT by function	2020	2021	YoY real variation %
Transportation	68,308	152,728	50,7	Housing and Urban Planning	28,220	315,570	653.5
Education and Culture	942	21,204	1416,3	Potable Water and Sewerage	69,091	182,311	77.8
Science and Technology	7,307	20,597	89,9	Energy	26,880	109,223	173.8
Defense	3,581	15,528	192,2	Transportation	14,309	74,615	251.4
Ecology and Environment	2,313	8,159	137,7	Education and Culture	10,308	49,782	225.4
Potable Water and Sewerage	2,095	5,795	86,4	Industry	9,528	30,216	113.7
Health	7,162	5,697	-46,4	Social Promotion and Assistance	5,804	24,932	189.5
Others	7,441	19,657	78,0	Others	37,334	71,568	29.2
<b>Total</b>	<b>99,149</b>	<b>249,365</b>	<b>69,5</b>	<b>Total</b>	<b>201,475</b>	<b>858,217</b>	<b>187.0</b>

SOURCE: OPC, based on 2021 National Government Financial Report.

The most important recipients of capital transfers were Trust Funds, with an expenditure of ARS333.828 billion (694.4% YoY real). The increases in the Trust Fund for the Argentine Bicentennial Credit Program for Single Family Housing (Pro.Cre.Ar) - DNU 902/2012- for ARS205.326 billion and the Integral Production and Access to Habitat program transferred to the Social Housing Trust Fund (Section 59 of Law 27.341) for ARS69.362 billion stand out.

**Table 16. Capital Transfers Recipients**

2020 and 2021, in millions of ARS and YoY real variation %

CT by recipient	2020	2021	YoY real variation %	CT Trust Funds and other entities	2020	2021	YoY real variation %
<b>Trust Funds</b>	<b>30,017</b>	<b>333,828</b>	<b>649.4</b>	<b>PROCLEAR Trust Fund</b>	<b>15,635</b>	<b>205,326</b>	<b>784.9</b>
Government-owned companies	90,674	263,327	95.7	<b>Social Housing Trust Fund</b>	<b>1,721</b>	<b>69,363</b>	<b>2616.3</b>
Provinces and Municipalities	58,066	214,639	149.1	Water Infrastructure Trust Fund	5,300	36,545	364.6
Private Sector	10,637	24,217	53.4	Productive Development Trust Fund (FONDEP)	5,386	18,520	131.7
National Universities	1,635	10,159	318.6	Entrepreneurial Capital Development Trust Fund	0	1,500	
External Sector	10,024	9,790	-34.2	National Fire Management Fund	0	368	
Others	423	2,258	259.9	Others	1,975	2,206	-24.7
<b>Total</b>	<b>201,475</b>	<b>858,217</b>	<b>187.0</b>	<b>Total</b>	<b>30,017</b>	<b>333,828</b>	<b>649.4</b>

SOURCE: OPC, based on 2021 National Government Financial Report.

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

As of the publication of the 2021 National Government Financial Report, we can compare the figures presented in the document with those published in the Annual Execution Report prepared by the Argentine Congressional Budget Office (OPC), with a cut-off date of January 7, 2022.



**Table 17. Comparison between the National Government Financial Report and the OPC Budget Execution Report**

2021. in millions of ARS and as a %

Concept	I. National Government Financial Report	II. OPC Report (**)	Differences (I-II)
<b>Total Revenue</b>	<b>7,879,664</b>	<b>7,867,988</b>	<b>11,676</b>
Current revenues (*)	7,865,747	7,854,237	11,510
Capital revenues	13,917	13,751	166
<b>Total expenditure</b>	<b>10,763,164</b>	<b>10,768,104</b>	<b>-4,940</b>
Current expenditures	9,570,459	9,574,360	-3,901
Capital expenditures	1,192,705	1,193,744	-1,039
<b>Primary Balance</b>	<b>-2,112,859</b>	<b>-2,129,474</b>	<b>16,615</b>
<b>Financial Balance</b>	<b>-2,883,500</b>	<b>-2,900,116</b>	<b>16,616</b>

(\*) Does not include profits transferred from the BCRA (ARS787,712 million).

(\*\*) Cut-off date: 01/07/2021.

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

## C. National Government Employment

As of December 2021, the National Government had 400,130 employees, of which 83.1% (332,466 employees) were employed in permanent and temporary positions and the rest, 67,664 employees (16.9%), worked in the Executive Branch, under the contractual modality provided for in Executive Order 1,421/2002.

Compared to the number of positions approved at the beginning of the fiscal year (359,685), the permanent and temporary employment rate was 92.4%. Teaching hours totaled 283,325 and were less than budgeted (287,731).

**Table 18. National Government Employment**

2021. Number of positions

Sector	Permanent and temporary			Contracts E.O.1421/02	Total
	Initial	Final	Exec. %		
Executive Branch	307,467	285,224	92.8	67,664	<b>352,888</b>
Judicial Branch	26,441	22,415	84.8	-	<b>22,415</b>
Legislative Branch	15,625	15,625	100.0	-	<b>15,625</b>
Public Prosecutor's Office	10,152	9,202	90.6	-	<b>9,202</b>
<b>Total</b>	<b>359,685</b>	<b>332,466</b>	<b>92.4</b>	<b>67,664</b>	<b>400,130</b>

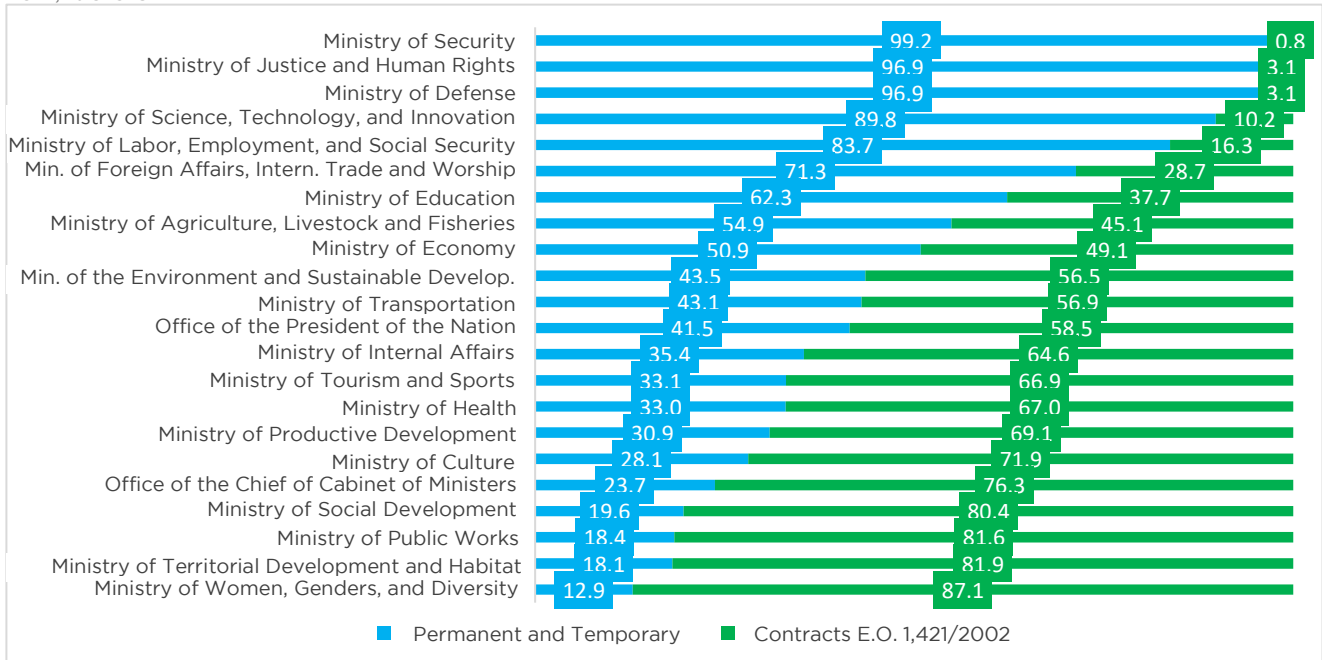
SOURCE: OPC, based on 2021 National Government Financial Report.

There was an increase of 1.6% with respect to the previous fiscal year (+6,170 positions), of which 79.9% were employees under contractual modality (+4,932 contracts), and the rest were permanent and temporary staff (+1,238 employees).

Figure 12 shows the distribution by employment modality (permanent and temporary staff and employees under contractual modality) for the different areas of the National Executive Branch. The high share of employees under contractual modality in the Ministry of Women, Gender, and Diversity (87.1%) and the low share in the Ministries of Security (0.8%), Justice and Human Rights (3.1%) and Defense (3.1%) stand out.

**Figure 12. Employment by modality. National Executive Branch**

2021, % share



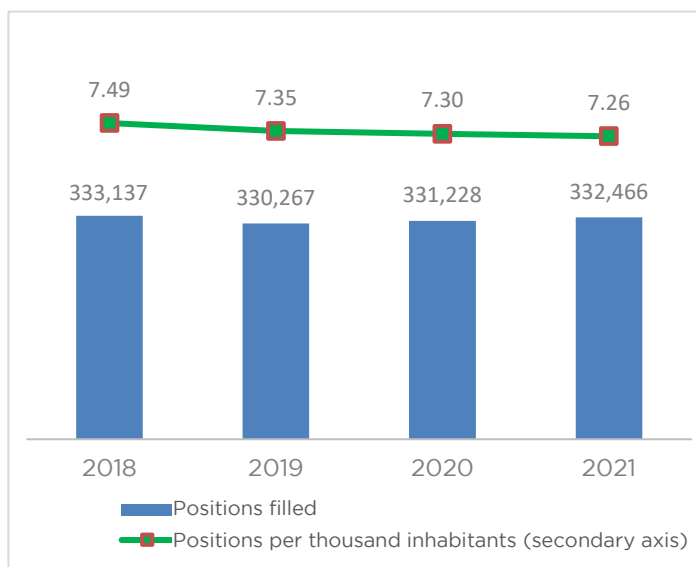
SOURCE: OPC, based on 2021 National Government Financial Report.

### C.1. Permanent and temporary positions

During 2021, the Executive Branch accounted for 85.8% of the total number of permanent and temporary positions. Following in order of share, the Judicial Branch accounted for 6.7%, the Legislative Branch for 4.7% and finally the Public Prosecutor’s Office accounted for 2.8% of the total.

**Figure 13. Evolution of permanent and temporary positions**

2018-2021, number of positions and % of positions filled per thousand inhabitants



The number of permanent and temporary positions (332,466 positions) at the end of 2021 was 0.4% higher than in 2020 (331,228 positions). This variation was due to an increase in the Public Prosecutor’s Office, which went from 7,387 positions in 2020 to 9,202 positions in 2021 (24.6% YoY). Both the Attorney General’s Office and the Public Defender’s Office, entities that are part of the Public Prosecutor’s Office, recorded increases, with variations of 1,097 and 718 positions, respectively. With respect to the ratio of positions filled to the number of inhabitants, the proportion was similar to that of the last fiscal years: 7.3% of positions filled per thousand inhabitants.

SOURCE: OPC, based on 2021 National Government Financial Report.

**Table 19. Permanent and temporary positions by sector**

2021, number of positions and % share

Sector	Civilian	Non-civilian	Total	% share
Defense	17,290	87,988	<b>105,278</b>	31.7
Security	2,101	94,702	<b>96,803</b>	29.1
Judicial Branch	22,415		<b>22,415</b>	6.7
Justice and Human Rights	1,673	16,078	<b>17,751</b>	5.3
Legislative Branch	15,625		<b>15,625</b>	4.7
Labor, Employment, and Social Security	14,552		<b>14,552</b>	4.4
Science, Technology, and Innovation	14,503		<b>14,503</b>	4.4
Public Prosecutor's Office	9,202		<b>9,202</b>	2.8
Agriculture, Livestock and Fisheries	8,718		<b>8,718</b>	2.6
Health	5,491		<b>5,491</b>	1.7
Economy	4,767		<b>4,767</b>	1.4
Internal Affairs	2,745		<b>2,745</b>	0.8
Transportation	2,234		<b>2,234</b>	0.7
Foreign Affairs, International Trade and Worship	1,870		<b>1,870</b>	0.6
Office of the President of the Nation	1,589		<b>1,589</b>	0.5
Social Development	1,486		<b>1,486</b>	0.4
Office of the Chief of the Cabinet of Ministers	1,213		<b>1,213</b>	0.4
Public Works	1,187		<b>1,187</b>	0.4
Productive Development	1,177		<b>1,177</b>	0.4
Culture	1,160		<b>1,160</b>	0.3
Environment and Sustainable Development	1,143		<b>1,143</b>	0.3
Education	1,074		<b>1,074</b>	0.3
Tourism and Sports	304		<b>304</b>	0.1
Territorial Development and Habitat	95		<b>95</b>	0.0
Women, Genders, and Diversity	84		<b>84</b>	0.0
<b>Total</b>	<b>133,698</b>	<b>198,768</b>	<b>332,466</b>	<b>100.0</b>

Military personnel (87,657) and security and defense personnel (111,111) accounted for 59.8% of the total number of permanent and temporary positions, the rest (39.2%) being civilian personnel (133,698).

Therefore, the Ministries of Defense and Security accounted for more than half of the permanent and temporary staff (60.8%). The rest of the personnel (38.9%) was distributed among 23 different institutional sectors.

SOURCE: OPC, based on 2021 National Government Financial Report.

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

The 2021 National Government Financial Report includes the number of contracted personnel under the modality of Executive Order 1,421/2002, within the scope of the National Executive Branch.

These contracts are governed by Law 25,164, Framework Law for the Regulation of National Government Employment, where the contracted person is placed on the same level as the permanent staff of the agency where he or she works<sup>15</sup>. They are also subject to personal contributions and employer's contributions and are paid through item 1 (Personnel Expenses) and main appropriation 8 (Contracted Personnel)<sup>16</sup>. The number of new contractors increased by 7.9% compared to the previous year (+4,932 contracts), from 62,732 in 2020 to 67,664 in 2021.

<sup>15</sup> Pursuant to Administrative Decision 3/2004, the amount of these contracts is equivalent to the level or category of the scale applicable to the permanent staff of the contracting area or decentralized agency according to the type of functions to be performed.

<sup>16</sup> Pursuant to Resolution 136/2004 of the Secretariat of Treasury, it refers to expenditures for the contracting of personnel in accordance with the regulations in force for the rendering of technical or professional services on a personal and individual basis, both for institutional strengthening and for special projects of studies and research, which complement the activities of each agency.

## D. Financing operations

As of December 31, 2021, the stock of national public debt totaled USD359.319 billion, showing an increase of USD25.391 billion over the year. In terms of GDP, debt decreased 23.5 percentage points to 79.8% of GDP.

**Table 20. Evolution of National Public Debt**

Concept	In millions of ARS			In millions of USD			% of GDP		
	2020	2021	Variation	2020	2021	Var.	2020	2021	Var. (p.p.)
Securities	19,910,427	26,614,615	6,704,189	236,620	259,023	22,403	73.2	57.5	-15.7
Multilateral	5,996,916	6,993,905	996,989	71,269	68,067	-3,202	22.1	15.1	-6.9
Bilateral	493,768	520,732	26,965	5,868	5,068	-800	1.8	1.1	-0.7
Public and Private Banks	1,526,974	2,589,964	1,062,989	18,147	25,206	7,060	5.6	5.6	0.0
Suppliers	170,290	200,772	30,482	2,024	1,954	-70	0.6	0.4	-0.2
<b>TOTAL</b>	<b>28,098,374</b>	<b>36,919,988</b>	<b>8,821,614</b>	<b>333,928</b>	<b>359,319</b>	<b>25,391</b>	<b>103.3</b>	<b>79.8</b>	<b>-23.5</b>

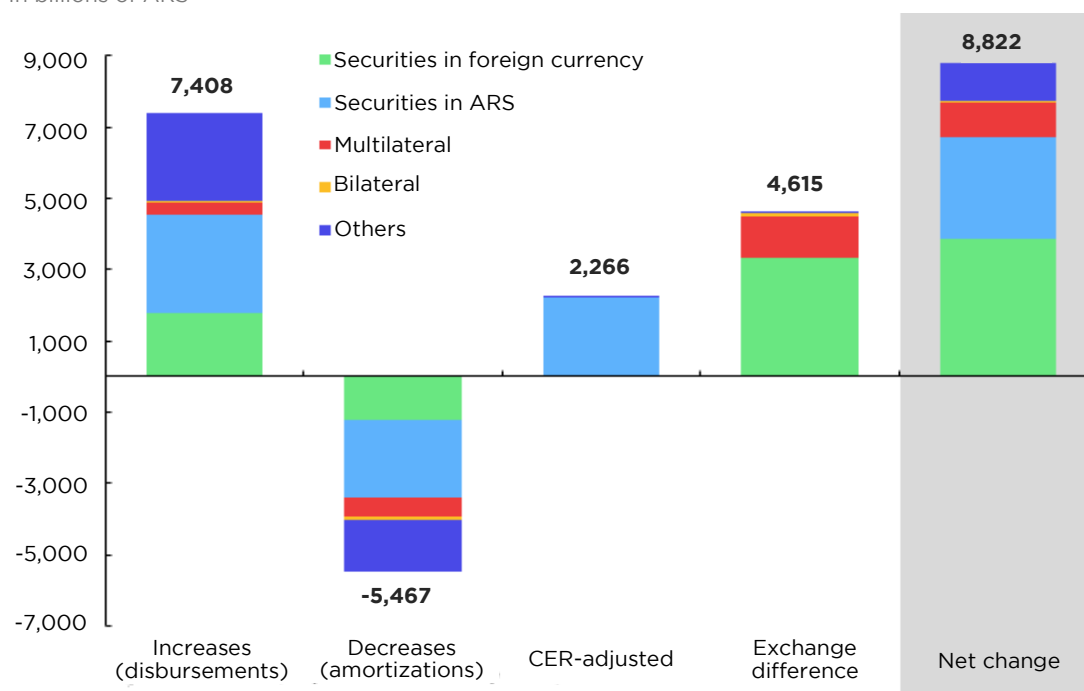
Note: Does not include interest arrears or compensatory interest. Stock at the end of 2020 includes starting balance adjustment.

SOURCE: OPC, based on 2021 National Government Financial Report.

Measured in Argentine pesos, the debt stock showed an increase of ARS8.8 billion during the year, explained by a 22% increase in the exchange rate that caused a valuation adjustment to the debt in foreign currency and by the 51% annual inflation that impacted the stock of CER-adjustable debt.

**Figure 14. Variation in the stock of national public debt in 2021**

In billions of ARS



SOURCE: OPC, based on 2021 National Government Financial Report.

Thirty-three auctions for the placement of government securities were held and six securities swap transactions to decompress maturities for the year were conducted in 2021. Subscriptions were dominated by CER-adjustable securities in pesos, discount bills (LECER), and fixed-rate securities in pesos, mainly discount bills (LEDES).

As for marketable bonds, instruments in pesos with a Nominal Value (NV) of ARS527.744 were placed. There were also placements of dollar-linked bonds maturing in 2022 and 2023 through cash auction for NV USD2.859 billion and debt conversion operations for NV USD1.269 billion.

Additionally, direct subscription bonds were placed for NV ARS50.511 billion, which include:

- NV ARS25.749 billion of four BONCER in favor of the province of San Luis for the payment of court debts.
- NV ARS11.807 billion of BONTE Badlar 2031 for the payment of the debt for principal and interest generated by the Treasury guarantees 2/2011 and 2/2012 issued in favor of ENARSA, for the Administration Trust "*Importación de Gas Natural*" (Natural Gas Imports).
- NV ARS8.096 billion of BONTE Badlar 2030 to the FGS for the payment of the rate subsidies provided for in the Nation-Provinces and CABA agreements.
- NV ARS4.86 billion of BONTE Badlar 2026 to *Empresa Argentina de Soluciones Satelitales SA* (AR-SAT) for the provision of different services rendered to different agencies of the National Public Sector (SPN) from 2018 to 2020.

The stock of marketable Treasury bills in pesos increased from ARS0.8 trillion to ARS1.9 trillion compared to the end of 2020, mainly because of the CER-adjustable bills and the net placement of discount rate bills, which include the issuance of new liquidity bills (LELITES) that were created in October 2021 exclusively for Mutual Funds.

During 2021, bills were issued to different NPS agencies, pursuant to the provisions of DNU 668/2019<sup>17</sup>, maturing in 2021 and 2022 for NV ARS105.405 billion, and in dollars for NV USD2.176 billion that were subscribed by the FGS. In addition, outside the framework of that DNU, bills in pesos for NV ARS10.326 billion were placed with the FGS.

The Central Bank provided financing to the Treasury through the issuance of securities in dollars maturing in 2030 and 2031 for a total of USD13.764 billion, including USD4.131 billion for the payment of obligations with the IMF and USD9.633 billion to refinance maturities of other securities. Additionally, the Central Bank provided net financing of ARS912.599 billion in Temporary Advances. As of December 31, the stock of this instrument amounted to ARS2,173.049 billion.

Intra-public sector operations also included the issuance of promissory notes for a total of ARS85 billion (issued to the Ministry of Internal Affairs, the Superintendence of Insurance of the Nation, the National Institute of Agricultural Technology, and the National Communications Entity) for the use of CUT (Single Treasury Account) balances and an increase of ARS80 billion in the financing originated using FUCO (Unified Fund of Official Accounts). As for the financing from international and bilateral official credit organizations, net negative disbursements amounted to USD1.485 billion, mainly due to the first two repayments of the Stand-by Arrangement loan with the IMF for the equivalent of USD3.737 billion. Among the positive net disbursements, those made by the World Bank (USD902 million) and the IDB (USD854 million) stood out.

<sup>17</sup> DNU 668/2019 established that the National Public Sector agencies and entities and the specific allocation funds and assets administered by them could only invest their transitory liquidity surpluses by subscribing pre-cancelable Treasury Bills issued with a maturity of less than 180 days.

An agreement with the Paris Club member countries was reached in June 2021 to reschedule the payment of USD2.400 billion that had matured in May and was not paid. Two partial payments were agreed to be made in July 2021 and February 2022, in line with the disbursements to be made to other bilateral creditors, and the cancellation of the remaining principal was deferred until a new payment schedule is defined, with a deadline for the new agreement in May 2022. The first partial payment made in July 2021 amounted to USD227 million.

Finally, the settlement of claims with the holders of debt not included in the swap under the terms of the Settlement Proposal of February 2016 has continued. At the end of 2021, the principal amount of debt pending restructuring amounted to USD1.018 billion.

## E. Use of Authorizations for appropriations

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.

The 2021 Budget Law authorized the Central Administration to issue government securities and loans, disaggregating the maximum amounts authorized by different purposes and minimum amortization schedules (Sections 42, 43, 44, 48 and 50).

Section 42 established the maximum amounts authorized to the Central Administration for the issuance of government securities and loans, disaggregated by minimum amortization schedule. The initial amount authorized for the issuance of securities or loans to finance debt service and non-operating expenses was ARS4,620 billion. Additionally, the authorization to contract loans in foreign currency for different projects for a total of USD14.727 billion and EUR150 million was included.

In November, DNU 809/2021 increased the maximum limit of authorized debt to finance debt service and non-operating expenses by the equivalent of ARS200 billion. In addition, the DNU included the authorization to contract a loan in dollars for the procurement of vaccines against COVID-19 for USD100 million.

In connection with this Section, the National Government Financial Report indicates that government securities and loans were placed to finance debt service and non-operating expenses for a total amount equivalent to ARS4,531.195 billion during 2021, thus leaving a remainder of ARS288.805 billion based on the authorized amounts in effect at the end of the fiscal year. The loan for USD100 million for the procurement of COVID-19 vaccines was also taken.

Section 43 and 44 established limits to the issuance of securities maturing during the same fiscal year. Those limits were established on the outstanding amounts of these instruments.

Section 43 authorized the issuance of bills of exchange to comply with the operations included in the financial program up to an outstanding amount of NV ARS1,560.4 billion, including the modification introduced by DNU 489/2021. This authorization was used throughout the year, and as planned at the end of the fiscal year, those bills had been fully amortized.

On the other hand, Section 44 authorized the National Treasury (TGN) and the National Social Security Administration (ANSES) to issue short-term bills up to an outstanding amount of ARS132 billion and ARS120 billion, respectively. The National Government Financial Report shows that no placements were made under these authorizations during 2021.

Section 48 authorized the granting of guarantees for USD6.005 billion, amount that was increased in USD167 million by DNU 489/2021. The National Government Financial Report informs the granting of four guarantees for a total amount of USD282 million and EUR15 million.

**Table 21. Issuance of National Treasury guarantees in 2021**

Entity guaranteed	Beneficiary	Purpose	Amount
Aerolíneas Argentinas S.A.	Banco de la Nación Argentina	Refinancing of a loan for the purchase of 20 Embraer-190 aircraft that arrived in 2010-2011.	USD 167,605,560
Province of Buenos Aires	European Investment Bank (EIB)	Financing of the "Project to Support the Comprehensive Management of the Salado River Basin".	USD 110,000,000
INVAP S.A.	HSBC Bank Argentina S.A.	Performance guarantee for the contract with the <i>Stichting Voorbereiding Pallas-Reactor</i> Foundation for the provision of engineering, manufacturing, assembly, and start-up of a reactor for research and production of radioisotopes.	EUR 15,000,000
INVAP S.A.	Banco de la Provincia de Buenos Aires	Extension of guarantees under the contract signed with <i>Commissariat à l'Energie Atomique (COMENA)</i> , for the second phase of the power upgrade of the NUR Reactor.	USD 5,000,000

SOURCE: OPC, based on 2021 National Government Financial Report.

Finally, Section 50 authorized the issuance of debt consolidation bonds (BOCONES) for ARS8.6 billion, of which ARS4.098 billion were placed.

## 2. Non-financial public sector

The National Public Sector (NPS) includes the Central Government, National Universities, National Government-owned Companies and Non-Financial Corporations, Public Entities expressly excluded from the National Government Budget, and Trust Funds.

### A. Budget execution

#### A.1. Comparison with initial appropriation

##### I. Savings-Investment-Financing Scheme

**Table 22. Savings-Investment-Financing Scheme Non-financial NPS Comparison of execution (accrual basis) with the initial budget**

2021, in millions of ARS and as a %

Item	Initial Appropriation	Execution	Deviation	
			ARS	%
<b>I. Current Revenue</b>	<b>7,522,031</b>	<b>10,290,082</b>	<b>2,768,051</b>	<b>36.8</b>
Tax revenues	4,222,871	5,132,944	910,073	21.6
Social Security contributions	2,125,353	2,367,434	242,081	11.4
Non-tax revenues	153,690	475,096	321,406	209.1
Sales of Goods and services	13,729	33,399	19,670	143.3
Operating revenues	-	521,269	521,269	-
Property income (*)	997,584	1,232,261	234,677	23.5
Current transfers	8,098	459,181	451,083	5570.1
Other revenues	705	68,498	67,793	9620.1
<b>II. Current expenditures</b>	<b>8,029,252</b>	<b>10,581,824</b>	<b>2,552,571</b>	<b>31.8</b>
Consumption expenditures	1,194,590	2,708,725	1,514,135	126.7
Interest and other property expenditure	544,272	787,813	243,541	44.7
Social Security Benefits	3,380,959	3,697,490	316,531	9.4
Other current expenditures	24,211	44,104	19,893	82.2
Current transfers	2,676,150	3,343,692	667,542	24.9
Operating deficit of government-owned companies	209,070	-	-209,070	-
<b>III. Fiscal Balance</b>	<b>-507,222</b>	<b>-291,742</b>	<b>215,480</b>	<b>-42.5</b>
<b>IV. Capital Revenues</b>	<b>19,408</b>	<b>62,762</b>	<b>43,354</b>	<b>223.4</b>
Own Capital Revenues	18,117	28,722	10,605	58.5
Capital Transfers	1,084	33,921	32,837	3030.4
Decrease of Financial Investment	207	119	-88	-42.3
<b>V. Capital Expenditures</b>	<b>883,478</b>	<b>863,284</b>	<b>-20,195</b>	<b>-2.3</b>
Real Direct Investment	477,144	463,357	-13,786	-2.9
Capital Transfers	310,330	314,796	4,466	1.4
Financial Investment	96,005	85,130	-10,875	-11.3
<b>VI. Total Revenue</b>	<b>7,541,439</b>	<b>10,352,844</b>	<b>2,811,406</b>	<b>37.3</b>
<b>VII. Total Expenditure</b>	<b>8,912,730</b>	<b>11,445,107</b>	<b>2,532,377</b>	<b>28.4</b>
<b>VIII. Primary Expenditures</b>	<b>8,368,649</b>	<b>10,657,855</b>	<b>2,289,206</b>	<b>27.4</b>
<b>IX. Primary Balance</b>	<b>-827,210</b>	<b>-305,011</b>	<b>522,200</b>	<b>-63.1</b>
<b>X. Financial Balance</b>	<b>-1,371,292</b>	<b>-1,092,263</b>	<b>279,029</b>	<b>-20.3</b>
<b>XI. Financial Sources</b>	<b>7,201,736</b>	<b>7,481,544</b>	<b>279,808</b>	<b>3.9</b>
<b>XII. Financial Applications</b>	<b>5,830,445</b>	<b>6,389,281</b>	<b>558,836</b>	<b>9.6</b>
<b>XIII. Net Financing</b>	<b>1,371,292</b>	<b>1,092,263</b>	<b>-279,029</b>	<b>-20.3</b>

(\*) Includes profits transferred from the BCRA for ARS800 billion.

SOURCE: OPC, based on 2021 National Government Financial Report and 2021 Consolidated Budget of the NPS (DA 438/21).



## A.2. Comparison with fiscal year 2020 execution

### I. Savings-Investment-Financing Scheme

**Table 23. Savings-Investment-Financing Scheme. Non-financial NPS (Accrual basis)**

2020 - 2021, in millions of ARS, Nominal and Real variation % and as a % of GDP.

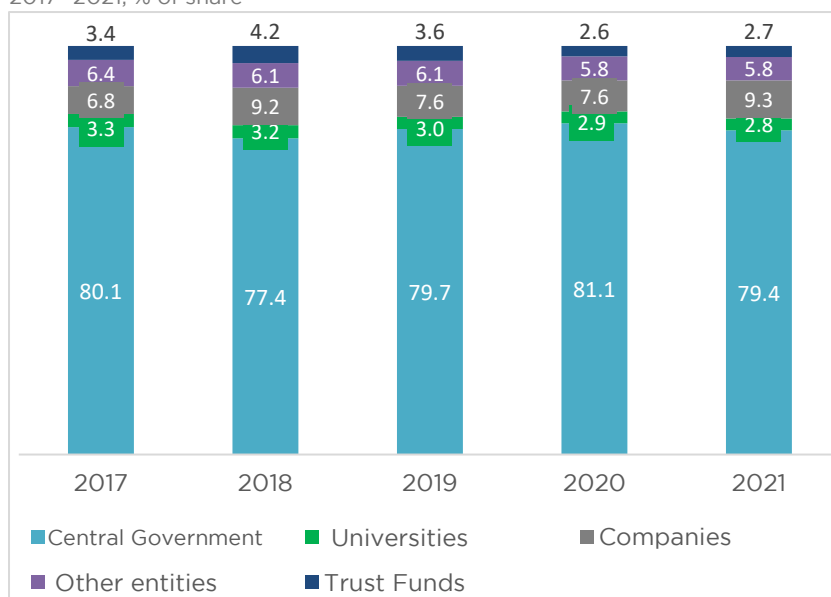
Item	In millions of ARS		YoY var. %		% of GDP	
	2020	2021	Nom.	Real	2020	2021
<b>I. Current Revenues</b>	<b>6,814,454</b>	<b>10,290,082</b>	<b>51.0</b>	<b>1.7</b>	<b>25.1</b>	<b>22.2</b>
Tax revenues	2,830,215	5,132,944	81.4	22.2	10.4	11.1
Social Security contributions	1,519,743	2,367,434	55.8	5.0	5.6	5.1
Non-tax revenues	186,321	475,096	155.0	71.8	0.7	1.0
Sales of Goods and services	29,052	33,399	15.0	-22.5	0.1	0.1
Operating revenues	280,248	521,269	86.0	25.3	1.0	1.1
Property income (*)	1,884,503	1,232,261	-34.6	-55.9	6.9	2.7
Current transfers	41,349	459,181	1010.5	648.3	0.2	1.0
Other revenues	43,023	68,498	59.2	7.3	0.2	0.1
<b>II. Current Expenditures</b>	<b>7,291,798</b>	<b>10,581,824</b>	<b>45.1</b>	<b>-2.2</b>	<b>26.8</b>	<b>22.9</b>
Consumption expenditures	1,583,142	2,708,725	71.1	15.3	5.8	5.9
Wages and salaries	1,055,931	1,630,863	54.4	4.1	3.9	3.5
Goods and services	492,509	1,017,178	106.5	39.2	1.8	2.2
Other expenditures	34,702	60,684	74.9	17.8	0.1	0.1
Interest and other property expenditure	641,372	787,813	22.8	-17.2	2.4	1.7
Interest	641,202	787,252	22.8	-17.3	2.4	1.7
Other expenses	170	560	229.1	121.7	0.0	0.0
Social Security benefits	2,614,841	3,697,490	41.4	-4.7	9.6	8.0
Other current expenditures	57,540	44,104	-23.4	-48.4	0.2	0.1
Current transfers	2,394,903	3,343,692	39.6	-5.9	8.8	7.2
To private sector	1,993,288	2,811,766	41.1	-5.0	7.3	6.1
To public sector	395,427	519,648	31.4	-11.5	1.5	1.1
To external sector	6,189	12,277	98.4	33.7	0.0	0.0
<b>III. Fiscal Balance</b>	<b>-477,344</b>	<b>-291,742</b>	<b>-38.9</b>	<b>-58.8</b>	<b>-1.8</b>	<b>-0.6</b>
<b>IV. Capital Revenues</b>	<b>131,988</b>	<b>62,762</b>	<b>-52.4</b>	<b>-68.0</b>	<b>0.5</b>	<b>0.1</b>
Own Capital Revenues	23,722	28,722	21.1	-18.4	0.1	0.1
Capital transfers	24,321	33,921	39.5	-6.0	0.1	0.1
Decrease of Financial Investment	83,945	119	-99.9	-99.9	0.3	0.0
<b>V. Capital Expenditures</b>	<b>386,916</b>	<b>863,284</b>	<b>123.1</b>	<b>50.3</b>	<b>1.4</b>	<b>1.9</b>
Real Direct Investment	198,671	463,357	133.2	57.2	0.7	1.0
Capital transfers	134,770	314,796	133.6	57.4	0.5	0.7
Financial investment	53,475	85,130	59.2	7.3	0.2	0.2
<b>VI. Total Revenue</b>	<b>6,946,441</b>	<b>10,352,844</b>	<b>49.0</b>	<b>0.4</b>	<b>25.5</b>	<b>22.4</b>
<b>VII. Total Expenditure</b>	<b>7,678,714</b>	<b>11,445,107</b>	<b>49.0</b>	<b>0.4</b>	<b>28.2</b>	<b>24.7</b>
<b>VIII. Primary Expenditures</b>	<b>7,037,512</b>	<b>10,657,855</b>	<b>51.4</b>	<b>2.0</b>	<b>25.9</b>	<b>23.0</b>
<b>IX. Primary Balance</b>	<b>-91,070</b>	<b>-305,011</b>	<b>234.9</b>	<b>125.7</b>	<b>-0.3</b>	<b>-0.7</b>
<b>X. Financial Balance</b>	<b>-732,272</b>	<b>-1,092,263</b>	<b>49.2</b>	<b>0.5</b>	<b>-2.7</b>	<b>-2.4</b>
<b>XI. Financial Sources</b>	<b>4,470,905</b>	<b>7,481,544</b>	<b>67.3</b>	<b>12.8</b>	<b>16.4</b>	<b>16.2</b>
Decrease of Financial Investment	460,602	790,681	71.7	15.7	1.7	1.7
Public debt and increase in other liabilities	3,757,629	6,477,232	72.4	16.1	13.8	14.0
Increase in assets	252,675	213,631	-15.5	-43.0	0.9	0.5
<b>XII. Financial Applications</b>	<b>3,738,633</b>	<b>6,389,281</b>	<b>70.9</b>	<b>15.2</b>	<b>13.7</b>	<b>13.8</b>
Financial Investments	1,759,559	2,700,742	53.5	3.4	6.5	5.8
Debt amortization and decrease in other liabilities	1,950,283	3,649,759	87.1	26.1	7.2	7.9
Decrease in assets	28,791	38,780	34.7	-9.2	0.1	0.1
<b>XIII. Net Financing</b>	<b>732,272</b>	<b>1,092,263</b>	<b>49.2</b>	<b>0.5</b>	<b>2.7</b>	<b>2.4</b>
BCRA profits	1,606,983	787,712	-51.0	-67.0	5.9	1.7
<b>XIV. Fiscal Balance without BCRA</b>	<b>-2,084,327</b>	<b>-1,079,454</b>	<b>-48.2</b>	<b>-65.1</b>	<b>-7.7</b>	<b>-2.3</b>
<b>XV. Primary Balance without BCRA</b>	<b>-1,698,053</b>	<b>-1,092,723</b>	<b>-35.6</b>	<b>-56.6</b>	<b>-6.2</b>	<b>-2.4</b>
<b>XVI. Financial Balance without BCRA</b>	<b>-2,339,255</b>	<b>-1,879,976</b>	<b>-19.6</b>	<b>-45.8</b>	<b>-8.6</b>	<b>-4.1</b>

(\*) Includes profits transferred from the BCRA.

SOURCE: OPC, based on 2020 and 2021 National Government Financial Reports.

**Figure 15. Total expenditure by subsector of the non-financial NPS**

2017- 2021, % of share



The sectoral weighting of expenditure shows the magnitude of the Central Government. During the last few years, this sector had an average share of close to 80% in the total non-financial NPS.

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

**Table 24. Revenue, expenditure, and financial result. Non-financial NPS (Accrual basis)**

2021, in millions of Ars and as a % of GDP

Item	Central Gov.	Universities	Companies	Entities	Funds	Removal (**)	Total
Current revenues (*)	8,653,459	346,221	957,329	774,805	630,590	1,072,323	<b>10,290,082</b>
Current expenditures	9,570,459	314,446	863,123	660,937	245,182	1,072,323	<b>10,581,824</b>
Capital resources	13,917	10,299	302,514	692	339,689	604,348	<b>62,762</b>
Own capital resources	133	22	25,857	692	2,019		<b>28,722</b>
Capital transfers	13,665	10,277	276,657		337,670	604,348	<b>33,921</b>
Decrease of Financial Investment	119						<b>119</b>
Capital expenditures	1,192,705	8,961	203,924	1,346	60,697	604,348	<b>863,284</b>
<b>Total Revenue</b>	<b>8,667,376</b>	<b>356,520</b>	<b>1,259,843</b>	<b>775,498</b>	<b>970,279</b>	<b>1,676,671</b>	<b>10,352,844</b>
<b>Total Expenditure</b>	<b>10,763,164</b>	<b>323,407</b>	<b>1,067,046</b>	<b>662,282</b>	<b>305,879</b>	<b>1,676,671</b>	<b>11,445,107</b>
<b>Financial Result</b>	<b>-2,095,788</b>	<b>33,113</b>	<b>192,797</b>	<b>113,215</b>	<b>664,400</b>	<b>-</b>	<b>-1,092,263</b>
<b>Financial Result GDP%</b>	<b>-4.50</b>	<b>0.10</b>	<b>0.40</b>	<b>0.20</b>	<b>1.40</b>	<b>-</b>	<b>-2.40</b>
BCRA as % of GDP	1.7						1.7
<b>Financial Result GDP%</b>	<b>-6.20</b>	<b>0.10</b>	<b>0.40</b>	<b>0.20</b>	<b>1.40</b>	<b>-</b>	<b>-4.10</b>

(\*) Includes profits transferred from the BCRA.

(\*\*) Includes the removal of intra - Non-Financial Public Sector transfers.

SOURCE: OPC, based on 2021 National Government Financial Report.

The financial deficit of the non-financial National Public Sector stood at 2.4% of GDP when that of the Central Government was 4.5%. The difference equivalent to 2.1 p.p. of the GDP is explained in 58.3% by the surplus of Trust Funds (1.4% of GDP).

The financial result of the execution reported by Trust Funds at the end of 2021 showed a positive balance of ARS664.4 billion (1.4% of GDP). The resources received from the National Government as capital transfers amounted to ARS337.67 billion (50.8% of the total), mainly allocated to the Social Housing and Pro.Cre.Ar funds.

**Table 25. Revenue, expenditure, and financial result. Selected Trust Funds**

2021, in millions of ARS

Item	Social Housing Fund	PRO.CRE.AR	Socio-urban Integration Fund	Others	Total
Current revenues	2,424	36,301	71,732	520,133	<b>630,590</b>
Current expenditures	9,591	16,567	17,835	201,188	<b>245,182</b>
Capital resources	69,363	207,321	0	63,006	<b>339,689</b>
Own capital resources	0	1,995	0	24	<b>2,019</b>
Capital transfers	69,363	205,326	0	62,982	<b>337,670</b>
Decrease of Financial Investment	0	0	0	0	<b>0</b>
Capital expenditures	0	0	0	60,697	<b>60,697</b>
Total resources	71,787	243,622	71,732	583,138	<b>970,279</b>
Total expenditure	9,591	16,567	17,835	261,885	<b>305,879</b>
<b>Financial result</b>	<b>62,195</b>	<b>227,055</b>	<b>53,896</b>	<b>321,253</b>	<b>664,400</b>

SOURCE: OPC, based on 2021 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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