



# ANALYSIS OF NATIONAL GOVERNMENT BUDGET EXECUTION

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## Executive Summary

During January 2024, National Government revenues amounted to ARS5,664.109 billion, showing a 1.3% drop in real terms<sup>1</sup> with respect to the same period of the previous year. On the one hand, tax revenues grew 15.0% year-on-year (YoY), mainly driven by the PAIS Tax (411.6% YoY), Export Duties (88.5% YoY) and Value Added Tax (13.1% YoY). On the other hand, Income Tax (-40.3% YoY) and Social Security contributions (-26.5% YoY) showed the opposite trend.

Primary expenditures amounted to ARS3,111.184 billion, which implies a 30.8% drop in real terms. With the exception of transportation subsidies (which grew 144.9% YoY), all items showed real decreases in the year-on-year comparison, the most significant being those observed in capital expenditures (-75.6% YoY), social programs (-59.6% YoY), current transfers to provinces (-53.3% YoY), pensions (-32.5% YoY), personnel expenses (-18.0% YoY), family allowances (-17.7% YoY) and transfers to universities (-16.5% YoY).

As a result of the increase in debt interest payments (139.1% YoY), total expenditures decreased less than primary expenditures (-11.9% YoY), reaching a total of ARS4,457.123 billion.

The dynamics between revenues and expenditures resulted in a financial surplus of ARS1,206.985 billion (0.20% of GDP), with a positive variation in real terms of 77.2% compared to the result obtained in January 2023 (0.10% of GDP). The primary result (not including debt interest payments) reached ARS2,552.925 billion (0.42% of GDP), 105.2% higher in real terms than that recorded a year earlier (0.18% of GDP). The economic surplus was ARS1,231.227 billion (56.6% YoY).

As of January 31, the current appropriation amounted to ARS40,250.029 billion, with no variations with respect to the initial appropriation extended by means of Executive Order 88/2023, which established that the appropriation in effect as of January 1, 2024, will be the same as the one in effect on December 31, 2023. Administrative Decision 5/2024, which distributed the appropriations and resources carried forward, decreased revenues by ARS320 billion and expenditures by ARS161.404 billion<sup>2</sup>.

Total accrued expenditures represented 11.1% of the current budget appropriation at the end of January, 6.2 percentage points above the figure recorded a year earlier (4.9%). For current expenditures, 11.9% of appropriations were executed. The highest level was recorded for debt interest (30.4%), whereas energy subsidies showed no execution. For their part, accrued capital expenditures were equivalent to 0.8% of the budget.

<sup>1</sup> For the calculation of real variations, the Consumer Price Index (CPI) variation of the National General Level (INDEC) is used as a deflator. For the month of January, the inflation estimated in the report: "*Resultados del Relevamiento de Expectativas de Mercado* (Results of the Market Expectations Survey) (REM)", prepared by the Central Bank of Argentina (BCRA), which shows a monthly variation of 21.9%, is used.

<sup>2</sup> For further details see OPC report: "*Análisis de la Decisión Administrativa de distribución del Presupuesto de la Administración Nacional prorrogado para 2024*" (Analysis of the Administrative Decision for the distribution of the Budget of the National Government, extended for 2024) at: <https://www.opc.gob.ar/ley-de-presupuesto/analisis-de-la-decision-administrativa-de-distribucion-del-presupuesto-de-la-administracion-nacional-prorrogado-para-2024/>.

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

**Table 1. Revenues, expenditures, and results**

January 2023 and 2024, in millions of constant ARS (Jan.2024) and YoY var. %

Concept	January 2023	January 2024	YoY var. %
	In millions of constant ARS (Jan. 2024)	In millions of ARS	
<b>I. Current revenues</b>	<b>5,739,392</b>	<b>5,662,711</b>	<b>-1.3</b>
Tax revenues	3,223,792	3,706,953	15.0
Social Security contributions	2,023,976	1,486,661	-26.5
Non-tax revenues	131,861	111,754	-15.2
Goods and services	11,404	7,398	-35.1
Property income (*)	344,366	344,307	0.0
Current transfers	3,992	5,638	41.2
<b>II. Current expenditures</b>	<b>4,953,268</b>	<b>4,431,484</b>	<b>-10.5</b>
Social benefits	<b>3,319,327</b>	<b>2,232,008</b>	<b>-32.8</b>
Pensions	2,359,806	1,591,930	-32.5
Family allowances	309,804	255,009	-17.7
Universal Child Allowance	156,470	151,643	-3.1
Active and inactive popul., others	153,334	103,366	-32.6
Non-contributory pensions	201,187	189,203	-6.0
INSSJP benefits	72,033	43,847	-39.1
Other social programs	376,497	152,020	-59.6
<i>Potenciar Trabajo</i>	159,080	3,303	-97.9
Food Policies	128,050	132,347	3.4
<i>Progresar</i> student grants	28,821	0	-100.0
Others	60,545	16,370	-73.0
Economic subsidies	<b>61,081</b>	<b>100,728</b>	<b>64.9</b>
Energy	0	0	-
Transportation	40,528	99,246	144.9
Other subsidies	20,552	1,482	-92.8
Personnel expenses	<b>619,586</b>	<b>507,878</b>	<b>-18.0</b>
Goods and services	<b>67,717</b>	<b>33,788</b>	<b>-50.1</b>
Transfers to provinces	<b>103,198</b>	<b>48,233</b>	<b>-53.3</b>
Transfers to universities	<b>173,386</b>	<b>144,850</b>	<b>-16.5</b>
Other current expenditures	<b>46,005</b>	<b>18,059</b>	<b>-60.7</b>
Interest (**)	<b>562,970</b>	<b>1,345,940</b>	<b>139.1</b>
<b>III. Economic result (I-II)</b>	<b>786,123</b>	<b>1,231,227</b>	<b>56.6</b>
<b>IV. Capital revenues</b>	<b>257</b>	<b>1,398</b>	<b>443.8</b>
<b>V. Capital expenditures</b>	<b>105,092</b>	<b>25,640</b>	<b>-75.6</b>
Real direct investment	31,531	1,891	-94.0
Capital transfers	73,346	23,749	-67.6
Financial investment	215	0	-
<b>VI. Total revenues (I+IV)</b>	<b>5,739,649</b>	<b>5,664,109</b>	<b>-1.3</b>
<b>VII. Total expenditures (II+V)</b>	<b>5,058,360</b>	<b>4,457,123</b>	<b>-11.9</b>
<b>VIII. Primary expenditures</b>	<b>4,495,391</b>	<b>3,111,184</b>	<b>-30.8</b>
<b>IX. Primary result (VI-VIII)</b>	<b>1,244,258</b>	<b>2,552,925</b>	<b>105.2</b>
<b>X. Financial result (VI-VII)</b>	<b>681,288</b>	<b>1,206,985</b>	<b>77.2</b>

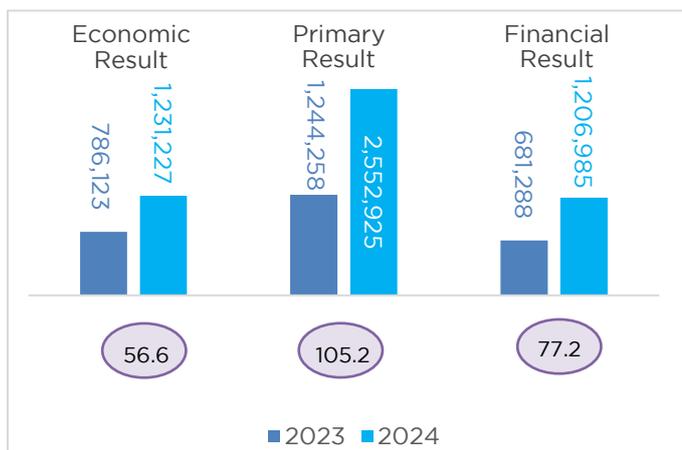
(\*) Includes property income generated by assets of the National Government held by the Sustainability Guarantee Fund (FGS).

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

SOURCE: OPC, based on E.Sidif data.

### Figure 1. Budget results

January 2023 and 2024, in millions of constant ARS (Jan.2024) and YoY real var. %.



During January, the dynamics between National Government revenues (-1.3% YoY) and expenditures (-11.9% YoY) resulted in real increases in the year-on-year comparison of economic, primary and financial results.

The financial surplus reached ARS1,206.985 million, an increase of 77.2% compared to that obtained a year earlier.

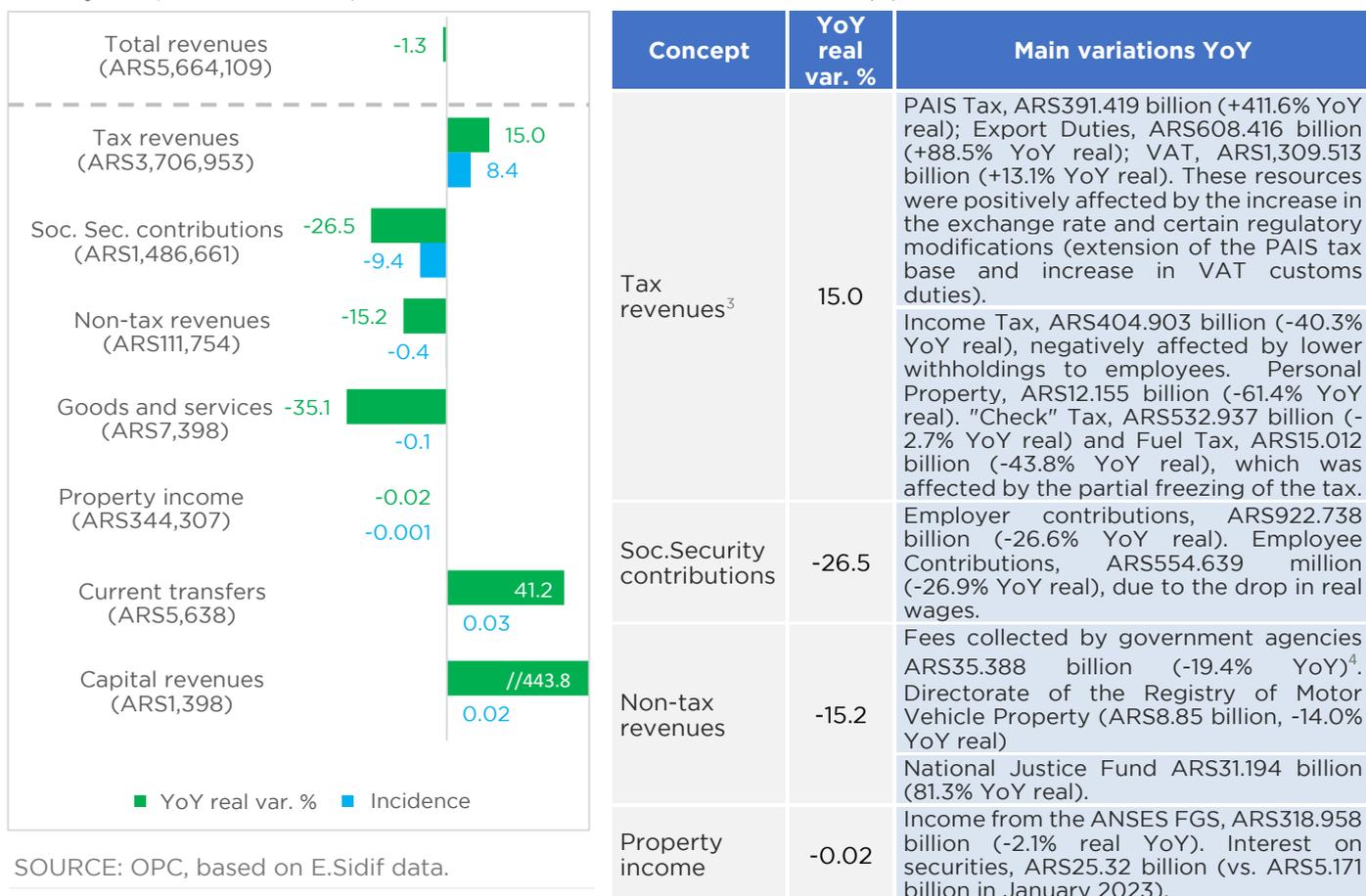
The primary result, which does not include debt interest payments, amounted to ARS2,552.925 billion, with a real increase of 105.2% YoY.

The economic result was positive by ARS1,231.227 billion (56.6% YoY).

SOURCE: OPC, based on E.Sidif data.

### Figure 2. Total revenues

January 2024, in millions of ARS, YoY real var. % and incidence on total revenues (%).



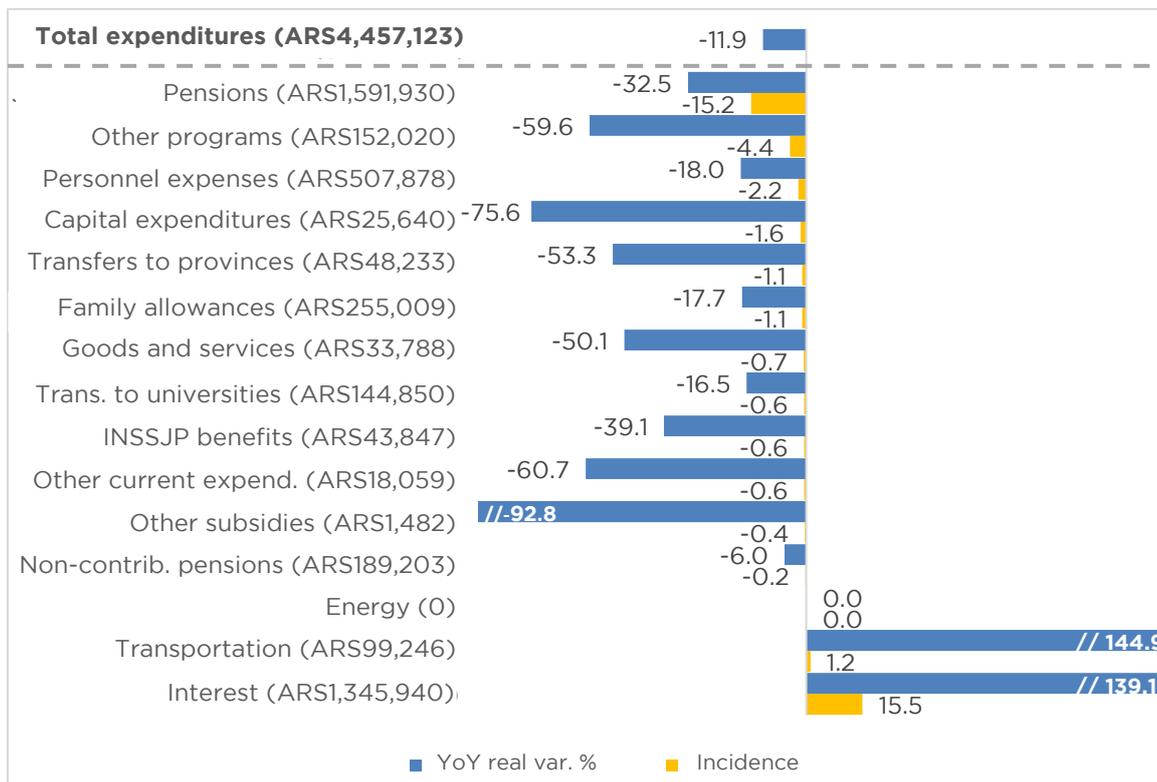
SOURCE: OPC, based on E.Sidif data.

<sup>3</sup> For further details see OPC's tax revenue monitor at: <https://www.opc.gob.ar/monitores-fiscales/monitor-de-recaudacion-tributaria-nacional/>. The figures shown in this report may differ from those shown in the monitor due to the different scenarios analyzed and the time of recording in the different Public Sector systems.

<sup>4</sup> The following stand out: those received by the National Insurance Superintendency (ARS8.178 billion, -20.0% YoY real), ENARGAS (ARS7.15 billion, -22.7% YoY real) and the National Road Safety Agency (ARS6.897 billion, -19.0% YoY real).

### Figure 3. Total expenditures

January 2024, in millions of ARS, YoY real var. % and incidence on total revenues (%).



SOURCE: OPC, based on E.Sidif data.

Total National Government expenditures recorded a real fall of 11.9% YoY in the first month of the year: primary expenditures decreased by 30.8% YoY, whereas debt interest grew by 139.1% YoY.

Pensions (-32.5% YoY), social programs (-59.6% YoY) and personnel expenses (-18.0% YoY) were the items that most contributed to the reduction in expenditures, with negative impacts of 15.2%, 4.4% and 2.2%, respectively, on the total.

As for pensions, the decrease is explained by the differential between the updating of benefits through the application of the adjustment formula and inflation, partially offset by the application of compensatory bonuses to lower-income pensioners. Social programs were affected by the reduction in the value of benefits in real terms and for some programs (such as *Potenciar Trabajo* and *Progresar* student grants, which were recorded in early February). As for personnel expenses, the salary guidelines agreed upon during the period under analysis were lower than inflation.

Contrary to these performances, subsidies to the transportation sector expanded 144.9% YoY, mainly as a consequence of transfers to the *Operador Ferroviario S.E.* to cover the difference between the operating cost of public passenger railroad transportation in the Buenos Aires Metropolitan Area and the one covered by the fares paid by users. The same behavior was reflected in the payment of interest on debt, with an increase of 139.1% YoY, mainly driven by the payment of interest on bonds in dollars and euros issued in the 2020 restructuring process.

**Table 2. Total expenditures**

January 2024, in million ARS and in YoY real var. %. In order of incidence

Concept (millions of ARS)	Incidence %	Main variations YoY
<b>Pensions</b> ARS1,591,930 -32.5% YoY real	-15.2	Mainly due to the differential between the updating of benefits through the application of the adjustment formula and inflation <sup>5</sup> , partially offset by the application of compensatory bonuses granted to lower-income pensioners <sup>6</sup> . Expenditure executed by ANSES totaled ARS1,419.03 billion (-34.2% YoY real), of which ARS1,219.784 billion related to the regular pension payments (-39.1% YoY real) and ARS99.246 billion (31.1% YoY real) to income supplements for the lowest income beneficiaries (bonuses). Benefits for retired personnel of the Armed and Security Forces, ARS172.521 billion (-15.0% YoY real).
<b>Other social programs</b> ARS152,020 -59.6% YoY real	-59.6	There was no record of the January payments of the social plans under the <i>Potenciar Trabajo</i> Program <sup>7</sup> (ARS 44.433 billion in January 2023) and of the <i>Progresar</i> student grants (ARS 8.05 billion in January 2023), which were entered into the system in the month of February. Medical care for beneficiaries of non-contributory pensions, ARS7.476 billion (-60.9% YoY real). Food Policies, ARS132.347 billion (+3.4% YoY real), because of the real increase in food card benefits <sup>8</sup> .
<b>Personnel expenses</b> ARS507,878 -18.0% YoY real	-2.2	Executive Branch, ARS408.103 billion (-19.1% YoY real), Judicial Branch, ARS54.997 billion (-20.0% YoY real), Legislative Branch, ARS22.453 billion (-34.4% YoY real) and Public Prosecutor's Office, ARS22.325 billion (-28.7% YoY real). The salary guidelines agreed upon during the period analyzed were below inflation <sup>9</sup> . As for the positions filled as of December 2023 <sup>10</sup> : Executive Branch: +1.8% YoY in permanent and transitory staff and +1.4% YoY in contracted personnel. Judicial Branch and Public Prosecutor's Office: +11.0% YoY.
<b>Capital expenditures</b> ARS25,640 -75.6% YoY real	-1.4	Real Direct Investment, ARS1.891 billion (-94.0% YoY real): due to the absence of investment expenditures in the Infrastructure and Equipment (ARS3.036 billion in January 2023) and <i>Conectar Igualdad</i> (ARS1.905 billion in January 2023) programs, of the Ministry of Education, as well as those of the National Directorate of Roads (ARS1.762 billion in January 2023). Capital transfers, ARS23.749 billion (-67.6% YoY real): mainly due to the lower execution of financial assistance to housing trust funds, ARS20.915 billion (-49.7% YoY real) <sup>11</sup> .
<b>Transfers to provinces</b> ARS48,233 -53.3% YoY real	-1.1	Transfers to the National Teacher Incentive Fund (FONID) to equalize salary inequalities, ARS46.855 billion (-16.6% YoY real). Contributions from the National Treasury (ATN), ARS1 billion (-82.4% YoY real) transferred to the province of Corrientes <sup>12</sup> .
<b>Family allowances</b> ARS255,009 -17.7% YoY real	-1.1	Family Allowances (active and inactive population), ARS139.257 billion (-36.7% YoY real), mainly due to the differential between the adjustment of benefits (mobility) and inflation. In turn, the lower decrease in Universal Allowances, ARS151.643 billion (-3.1% YoY real), is due to the 100% increase in the value of benefits in January 2024 (Executive Order 117/23), in addition to the increase resulting from December's mobility.

<sup>5</sup> The update of benefits based on the mobility formula resulted in an increase of 110.9% YoY, compared to an increase of 258.0% in the CPI.

<sup>6</sup> In January 2023 a variable bonus of up to ARS10,000 was granted (Executive Order 788/22) for pensioners who received up to two minimum pensions, and in January 2024 another bonus of ARS55,000 was granted, but only for minimum pensions (Executive Order 116/23).

<sup>7</sup> The payments of plans for January 2024 (recorded in February) totaled ARS107.687 billion, showing a decrease of 32.2% YoY in real terms. In this period, the value of the benefit went from ARS32,714 to ARS78,000 (-33.4% YoY real), while the number of social plan holders went from 1.36 million to 1.23 million (136 thousand fewer beneficiaries).

<sup>8</sup> The values of the *Alimentar* benefit went from ARS12,500, ARS19,000 and ARS25,000 (depending on whether the beneficiaries have 1, 2 or 3 children) in January 2023, to ARS44,000, ARS69,000 and ARS91,000 in January 2024 (+1.4% YoY real on average).

<sup>9</sup> In the scope of the Executive Branch, whose expenditure represented 80.4% of the total, increases accumulated 196.1% (including the last increase granted for January 2024 of 16%, under Executive Order 90/2024) vs. 258.0% YoY average inflation.

<sup>10</sup> Source: Integrated Human Resources System (SIRHU), refers to the latest available data.

<sup>11</sup> A total of ARS12.385 billion were transferred to the Trust Fund for the Argentine Bicentennial Credit Program for Single Family Housing - Pro.Cre.Ar (with no records in January 2023) and ARS8.53 billion to the Trust Fund for Social Housing (-79.5% YoY).

<sup>12</sup> The National Treasury Contribution Fund (ATN) is intended for emergency situations, financial imbalances of the provinces and is allocated by the Ministry of Internal Affairs (Section 5 of Law 23,548 of Federal Tax Sharing).

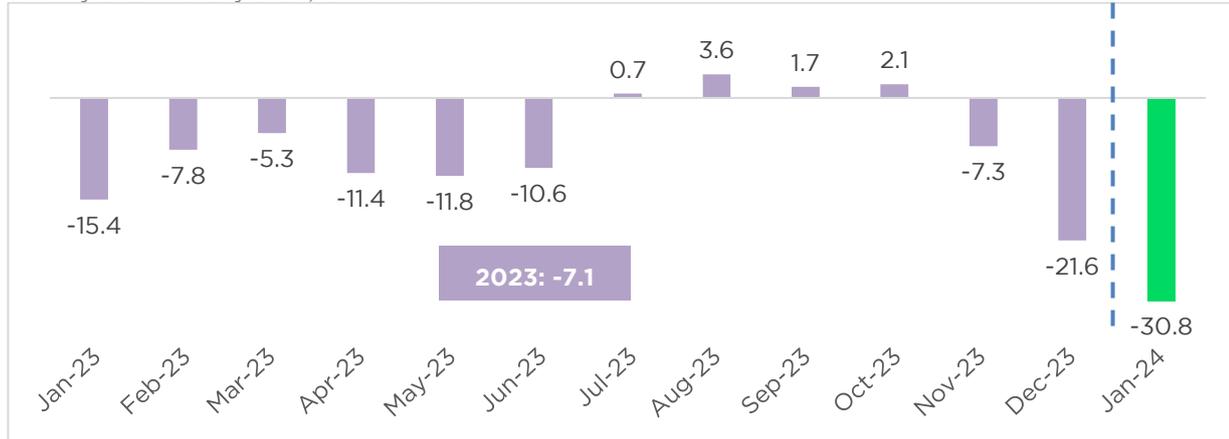
Concept (millions of ARS)	Incidence %	Main variations YoY
<b>Goods and services</b> ARS33,788 -50.1% YoY real	-0.7	Expenditures on goods and services for management and administration activities of the National Government agencies, ARS6.878 billion (-26.3% YoY real). Expenditures on services for CONICET fellowships, ARS5.623 billion (-17.5% YoY real).
<b>Transfers to universities</b> ARS144,850 -16.5% YoY real	-0.6	Because of the salary agreements of the period analyzed, whose guidelines were below inflation.
<b>INSSJP benefits</b> ARS43,847 -39.1% YoY real	-0.6	Because of the evolution of ANSES pension expenditure net of bonuses.
<b>Other current expenditures</b> ARS18,058 -60.7% YoY real	-0.6	Transfers from ANSES to AFIP, ARS11.926 billion (-18.5% YoY real). Commissions and interest related to public debt services, ARS3.558 billion (-11.7% YoY real).
<b>Other subsidies</b> ARS1,482 -92.8% YoY real	-0.4	Because of the lack of transfers to several state-owned enterprises, which did receive financial assistance in January 2023: <i>Correo Argentino S.A.</i> , (ARS2.5 billion in January 2023), <i>Radio y Televisión Argentina S.E.</i> (ARS1.54 billion), TELAM S.E. (ARS254 million) and <i>Fabricaciones Militares</i> (ARS653 million).
<b>Non-contributory pensions</b> ARS189,203 -6.0% YoY real	-0.2	Even though the updating of the value of benefits resulting from the mobility formula was lower than the inflation rate <sup>13</sup> , the policy of compensatory bonuses partially offset this drop. Thus, the purchasing power of benefits with bonuses was reduced by 25.3% in one year. It should be noted that all NCP holders received bonuses, which is why the impact was greater than in the pension category (given that in the latter case it was only received by the lowest pensioners). In addition, in January 2023, ARS11.341 billion from that month's bonuses (paid in February) was not yet recorded, which affects the basis for comparison. In fact, the decrease in this item would be of about 21.7% YoY (instead of 6.0%) if this record is adjusted.
<b>Transportation subsidies</b> ARS99,246 144.9% YoY real	1.2	Transfers to <i>Operador Ferroviario S.E.</i> , ARS36.371 billion (not executed in January 2023), to cover the difference between the operating cost of public passenger railroad transportation in the Buenos Aires Metropolitan Area (AMBA) and the fare paid by users. Transfers to the Transportation Infrastructure System Trust Fund, ARS58.944 billion (+56.5% YoY real), through which tariff compensations to passenger motor transportation, mainly in the AMBA, are addressed. Transfers to <i>Belgrano Cargas y Logística</i> , ARS3.932 billion (not executed in January 2023), to cover operating expenses.
<b>Interest</b> ARS1,345,940 139.1% YoY real	15.2	It is mainly explained by the payment of interest on the bonds in dollars and euros issued as part of the 2020 restructuring process.

SOURCE: OPC, based on E.Sidif data.

<sup>13</sup> The update of benefits based on the mobility formula resulted in an increase of 110.9% YoY, compared to a variation of 258.0% in the CPI.

### Figure 4. Year-on-year variation in primary expenditures

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



SOURCE: OPC, based on E.Sidif data.

## National Government Expenditure Execution Level

**Table 3. Cumulative expenditure execution level**

January 2024, in millions of ARS and execution %

Concept	Initial appropriation	Current appropriation	Accrued	Exe. %
<b>Total expenditures</b>	40,250,029	40,250,029	4,457,122	11.1
<b>Current expenditures</b>	37,174,662	37,174,860	4,431,482	11.9
Social benefits	19,611,857	19,611,857	2,232,008	11.4
Pensions	13,053,964	13,053,964	1,591,930	12.2
Family allowances	1,570,493	1,570,493	255,009	16.2
Universal Child Allowance	702,360	702,360	151,643	21.6
Others	868,133	868,133	103,366	11.9
Non-contributory pensions	1,420,250	1,420,250	189,203	13.3
INSSJP benefits	394,730	394,730	43,847	11.1
Other social programs	3,172,420	3,172,420	152,020	4.8
<i>Potenciar trabajo</i>	1,017,665	1,017,665	3,303	0.3
Food policies	731,699	731,699	132,347	18.1
<i>Progreasr</i> student grants	291,093	291,093	0	0.0
Others	1,131,964	1,131,964	16,370	1.4
Economic subsidies	4,305,521	4,305,521	100,727	2.3
Energy	2,806,409	2,806,409	0	0.0
Transportation	1,008,320	1,008,320	99,246	9.8
Other subsidies	490,792	490,792	1,480	0.3
Personnel expenses	4,387,714	4,387,714	507,878	11.6
Goods and services	1,094,220	1,094,418	33,788	3.1
Transfers to provinces	1,522,802	1,522,802	48,233	3.2
Transfers to universities	1,359,988	1,359,988	144,850	10.7
Other current expenditures	466,522	466,522	18,059	3.9
Interest (*)	4,426,037	4,426,037	1,345,940	30.4
<b>Capital expenditures</b>	3,075,367	3,075,169	25,640	0.8
Real direct investment	894,696	894,498	1,891	0.2
Capital transfers	2,106,866	2,106,866	23,749	1.1
Financial investment	73,804	73,804	0	0.0

As of January 31, the current appropriation remained unchanged with respect to the initial appropriation for the fiscal year, resulting from the extension of the budget in effect as of December 31, 2023, under the terms of Executive Order 88/2023.

Total expenditures were 11.1% of the initial budget, 6.2 percentage points above the level reached a year earlier (4.9%) and 5.1 percentage points above the average of the last 5 years (6.0%).

Current expenditures accrued 11.9% of their appropriations (vs. 5.2% in January 2023), while capital expenditures executed 0.8% (1.3% in January 2023), with low levels of execution in their components: 1.1% in capital transfers and 0.2% in real direct investment.

Interest payments on debt stood out, with 30.4%. It is followed in order of importance by the Universal Allowance for Social Protection (AUH) with 21.6% and by the Food Policy program (Alimentar card) with 18.1%.

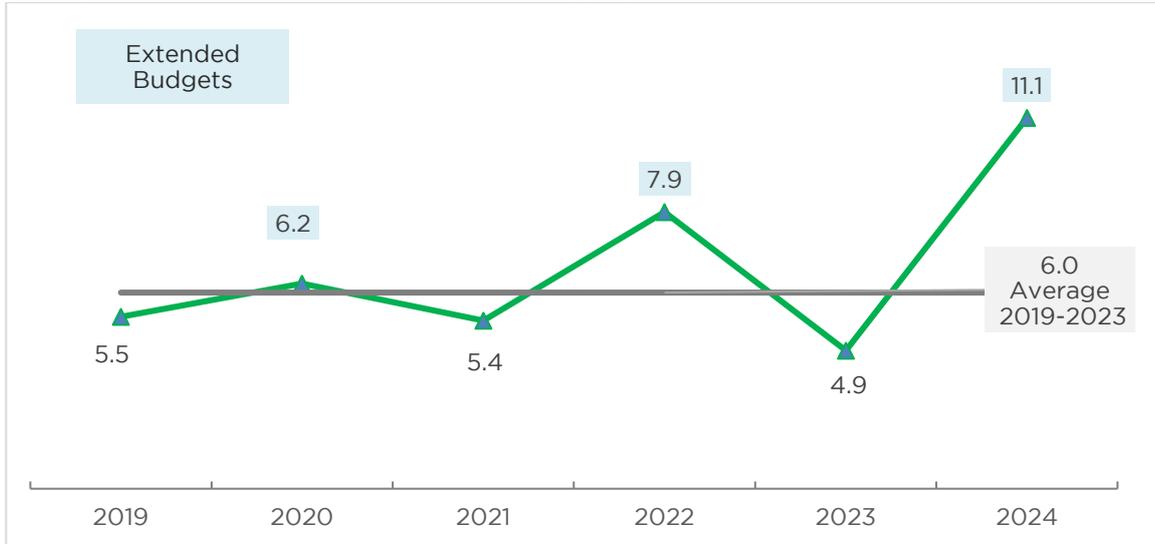
At the other extreme are economic subsidies (2.3%), expenditures for goods and services (3.1%) and current transfers to provinces (3.2%).

(\*) Includes interest paid intra-public sector, according to the E.Sidif.

SOURCE: OPC, based on E.Sidif data.

### Figure 5. Expenditure execution level

January, 2019-2024, as % of execution over current appropriation



SOURCE: OPC, based on E.Sidif data.

## Methodological aspects

- The Budget Execution Report refers to the National Government, a jurisdictional aggregate whose budget is approved by a Law of the National Congress.
- The National Government includes the Central Administration, decentralized agencies, and Social Security institutions.
- The data used in the preparation of this report come from the Integrated Financial Information System of the Secretary of Treasury, with a cut-off date of February 5, 2024.
- For the calculation of real variations, the Consumer Price Index (CPI) variation of the National General Level (INDEC) is used as a deflator. For the month of January 2024, the inflation estimated in the report: "*Resultados del Relevamiento de Expectativas de Mercado (REM)*", prepared by the BCRA, which shows a monthly variation of 21.9%, is used.
- For expenditures, the accrual stage is considered. In this concept, interest paid by the National Government is considered in full and without offsets.
- For revenues, the time of receipt is considered.

### **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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