

Friday the 2th of July, 2021

The Covid-19 pandemic and the policy response to mitigate its effects led to a substantial deterioration in the Central National Government's finances. In 2020, the deficit of the CNG stood at 7.8% of the GDP, a figure that was more than three times higher than in 2019. This increase was due to the higher spending to mitigate the effects of the pandemic and the downturn in economic growth, which brought about a sharp drop in tax revenue. With the pandemic extending into 2021, social programs' spending to address the pandemic continued. Moreover, the government is increasing public investment in infrastructure as a strategy to boost economic growth and employment, which is why the Financial Plan assumes that the CNG's fiscal deficit will climb to 8.6% of the GDP in 2021. The larger fiscal imbalance has implied a significant increase in the CNG's gross debt, which went from 50.3% to 64.8% of the GDP between 2019 and 2020. In 2021, the abovementioned deficit could lead to a significant additional increase in this indicator. [+ info, only in Spanish]