

# 130.000.000.000

## EUR

have been spend on grants and loans to help German businesses through the Covid-19 Pandemic.

## What was the impact ?

### Data Sources



European state aid transparency database was searched for aid beneficiaries related to the COVID-19 pandemic in Germany. In total **135.478** cases were disclosed.



The Bundesanzeiger is the German Federal Gazette where companies disclose their annual financial statements. In total financial information of **23.505** aid beneficiaries was retrieved.



Declarations of insolvency of the German insolvency register were matched with aid beneficiaries. In total **953** insolvent aid recipients were identified.

### Methods

KPIs to measure firm Liquidity and Solvency:

Cash Ratio

Debt-to-Asset Ratio

Difference in Differences approach to measure the average treatment effect on the treated for the KPIs. In the control group were aid eligible firms that only received the aid payment after their financial reporting cut off date.

A combination of generalized propensity scores and a generalized linear model (GLM) is used to visualize the causal effect at different levels of aid, while adjusting for possible confounders.

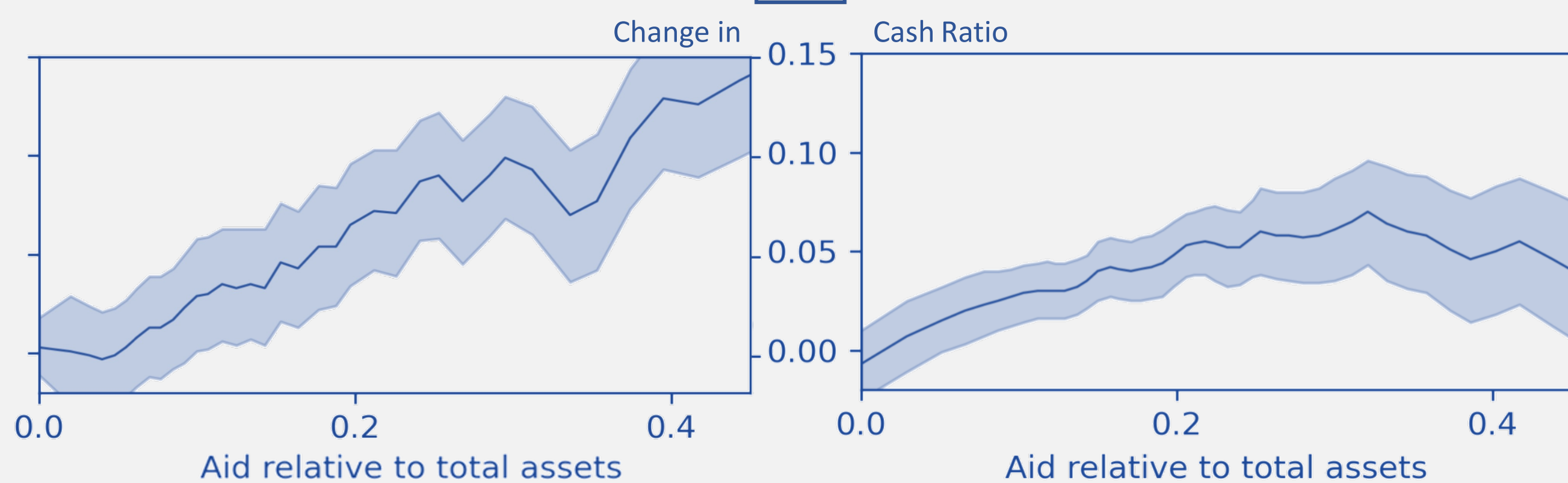
## 7,7 %

### Additional Liquidity for Grant Beneficiaries in 2021

- In 2020 Grants had no effect on firm liquidity
- Positive relationship between the level of aid and the liquidity increase

- Loan-based aid decreased the indebtedness of beneficiaries in 2021
- In 2020 grants could not decreased the indebtedness

## Grants vs. Loans

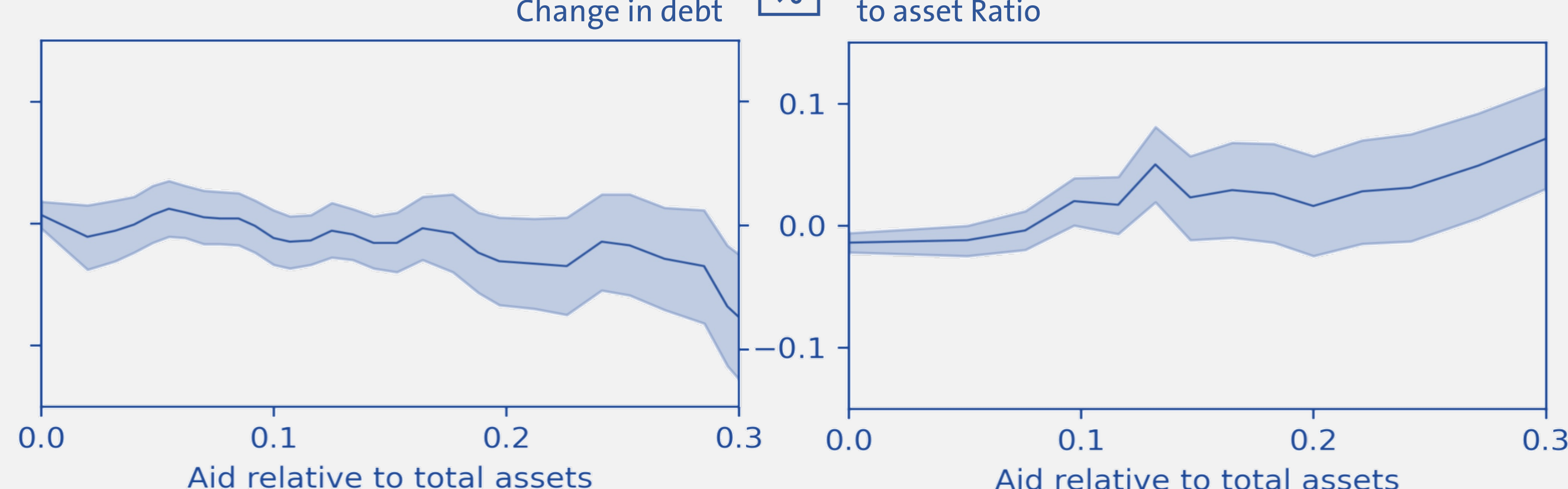


## 5,3 %

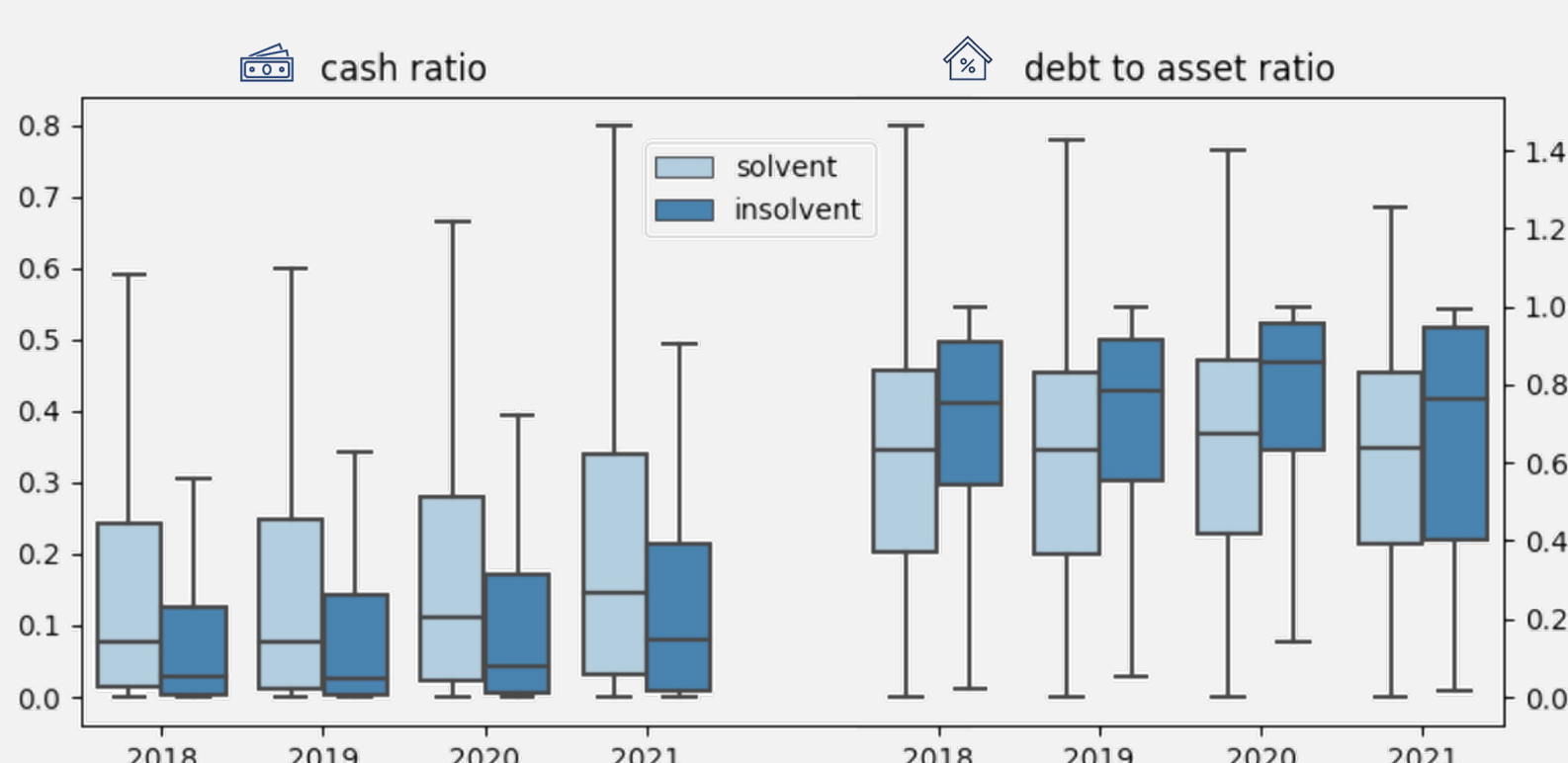
### Additional Liquidity for Loans Beneficiaries in 2020

- In 2021 Loans had only a positive effect of 3,5 %
- Diminishing effect on liquidity possibly due to fixed thresholds for loans.

- Unlike Grants, loan-based aid must be repaid by firms
- Loan-based aid increased the indebtedness of beneficiaries



### Insolvencies of Beneficiaries



- Insolvent beneficiaries were already weaker before the Pandemic
- Grants in 2021 had a lower impact on liquidity (only 4,2 % compared to 7,7 %)
- The share of all insolvent beneficiaries is 0,92 % (as of March 2023)
- The food & beverage service industry was biggest group of beneficiaries with a below average share of insolvencies

Industry	Beneficiaries	Insolvent	Share
Food and beverage service	15.173	88	0.58 %
Retail trade	8.810	84	0.95 %
Specialised construction activities	4.103	68	1.66 %
Manufacture of metal products	3.105	40	1.29 %
Sports activities and amusement	5.232	27	0.52 %
Accommodation	9.885	24	0.24 %