



IN THE NAME OF THE PEOPLE

Rising from the ashes of the financial crisis, Greece is now benefiting from the efforts of the People's Trust, a Prince's Trust-style charity working to support entrepreneurs. *Christopher Silvester* reports



HAVING ENDURED one of the most precipitous economic collapses in living history, which saw its economic output fall by a quarter and its suicide rate soar, Greece is overdue some good news. Nearly a decade after the financial crisis of 2008, unemployment remains stubbornly high (23 per cent at the last count) and while the country's economy is forecast to grow by 2.8 per cent in 2017, that's from a low base. Fortunately, help is finally at hand.

Founded last year, a charity backed by one of the country's wealthiest men is working to rebuild Greece's economy from the ground up, by supporting one start-up at a time. In so doing, its visionary founders hope to provide a new hope for Greece, which remains one of the worst countries out of 28 European Union member states for access to finance, even though small- and medium-sized businesses are typically responsible for creating around three-quarters of all new jobs in countries such as the UK.

'Small and medium-sized enterprises create jobs, but they have no access to finance [in Greece] in order to be able to set up and grow,' says Paul Kidner, the son of two Greek schoolteachers who is CEO of the recently founded the People's Trust (TPT). 'Our organisation was set up to do exactly that: to provide access to finance for small and medium-sized enterprises. Unemployment in Greece is a huge problem, so how do you help employment? You help businesses grow and create that employment for themselves.'

TPT actually began as a gleam in the eye of Kevin Maxwell, the son of disgraced media tycoon Robert Maxwell. Kevin was made Britain's biggest bankrupt after his father's death, and since being acquitted of fraud at two separate trials in the 1990s he has mainly done business abroad. Moved by the plight of Greece since the eurozone crisis, he decided in 2015 to do something about it. He invited a group of expatriate Greeks and others with experience of funding start-ups to a brainstorming session and lunch at a Mayfair club.

Maxwell's idea was to create something akin to the Prince's Trust that would offer small grants to individuals — not just to young, would-be entrepreneurs (since the Greek crisis meant that young Greeks were staying on at university for longer and were certainly taking longer to go into business), but to older entrepreneurs as well.

SOWING THE SEEDS

Maxwell travelled to Athens several times at his own expense and was introduced to Thanasis Laskaridis, one of the wealthiest shipping magnates in Greece, and his partner Evi Lazou (who had met Laskaridis years ago in a casino, where she was working). This latter-day Aristotle Onassis, who has previously spoken out about the state of public and corporate life in Greece (in 2013 he declared in an interview: 'I'm not going to watch what's going on in this country and keep silent'), agreed to put in seed money of €1 million. Lazou, meanwhile, agreed to sit on the board of the not-for-profit partnership.

Lest any cynic be suspicious of Maxwell's proximity to

TPT is attempting to offer a route out of the poverty that followed the Greek financial crisis, which saw such civil unrest



THE GREEK CRISIS: HOW WE GOT HERE

by MATTHEW HARDEMAN

In the summer of 2004, as host city Athens basked in the glory of the Olympics, few Greeks could have had any idea that they were hurtling towards an economic precipice. A protracted financial crisis, three bailouts, two referendums and a government collapse later, the country is slowly starting to grow again — forecast at 2.8 per cent for 2017.

Much of Greece remains an economic wasteland. Unemployment doubled during the crisis, and the suicide rate increased by 35 per cent. Events came to a head in 2008, but the roots of the crisis go back to when Greece joined the euro in 2001, cooking its books to conceal the extent of its problems.

The financial firestorm of 2008 shook away any doubt: Greece's credit rating was downgraded in 2009 amid fears of a government default on its surging £300 billion debt (virtually equivalent to its GDP). Prime minister George Papandreou announced tough austerity measures that met with widespread public ire.

European ministers then approved a £91 billion rescue package and wrote off 50 per cent of the country's debt in exchange for more stringent austerity. Papandreou withdrew plans for a referendum on the package and resigned. Anger erupted on the streets of Athens.

Far-left and right parties opposed to austerity swelled as the three main parties failed to form a working coalition. The parliament passed a €13.5 billion

austerity plan — the fourth in three years, including tax rises and pension cuts — to secure further IMF and EU bailout loans.

By February 2014, unemployment reached 28 per cent (among the young it was almost 60 per cent). Eurozone finance ministers announced more than €8 billion of further bailout funds as the anti-austerity leftist Syriza coalition triumphed in Greece's European elections with 26.6 per cent of the vote.

Parliament's failure to elect a new prime minister in December sparked a fresh political crisis and prompted early elections. Syriza's leader Alexis Tsipras was swept to power in January 2015 at the head of a coalition that negotiated an extension to Greece's bailout in return for scrapping anti-austerity measures (the new finance minister described the international arrangements as 'fiscal waterboarding') and agreeing to a eurozone-approved reform agenda.

Then, last summer, the European Central Bank ended emergency funding — Greek banks were closed. Voters overwhelmingly rejected the putative bailout terms, and by August Greece and her creditors agreed the third bailout worth €86 billion, imposing further spending cuts to avert bankruptcy and eviction from the euro.

Greece isn't out of the woods yet: talks are ongoing between Athens and its European creditors and the IMF about the implementation of the latest bailout. The road to recovery will likely be much longer.

charitable funds, it's worth emphasising that he has nothing to do with operations of TPT in Greece and is not a trustee of the UK charity that supports it (although one of his seven children is). However, without his sincere and determined efforts TPT would probably never have got off the ground.

One of the key decisions was hiring the right person to lead the charity operationally. Paul Kidner's background was in business development for SMEs, mainly start-ups. He had also created his own start-up in Greece, an online loyalty platform based on geolocation which ran for three years and did very well but then ultimately failed. Together with another NGO, he then started a programme called the Business Coaching Centre, which he ran for two years and which helped train and support people to launch businesses. So when Kidner was interviewed by Maxwell, Lazou, Chloe Laskaridis (Thanasis's daughter from his dissolved marriage, who went to university in the UK and is a director of his hotels business), and Dr Angeliki Kosmopoulou, who runs the AC Laskaridis Charitable Foundation, it proved a boon for all concerned.

LIFTING THE BURDEN

The NGO was legally set up on 31 May 2016 and immediately began working together with a strategic partner, the Action Finance Initiative (AFI), which provides micro-loans to individuals and small businesses. 'We combine grants with micro-loans,' says Kidner. 'We feel that's a good way of managing this access to finance, and it also means the loan is less of a burden to someone who's vulnerable.'

'We started that relationship in June/July — that's when we were working out processes, evaluations, monitoring of businesses. It went very well and we launched publicly in September. From September to December we received over 170 applications and by December we had supported 33 small entrepreneurs with an average grant size of about €4,500, together with an average loan of about €8,000, and each business is creating, or will create throughout the year, an average of 2.2 jobs.'

'So already there are 95 new jobs that have been created, or will be over the next year, as businesses start up. And we're supporting 25 already existing businesses that needed finance in order to be able to grow. So we've reached our first target. Over the next year we want to support 100 entrepreneurs. As of the end of March, the total number of applications had reached over 250.'

'One of the things we wanted to do in the first few months was show that what we're doing does work and now we can do that,' he adds. 'Now we have 45 case studies that we can go to potential donors and say, "Look, with just a little bit of access to finance these people can create jobs for themselves, and for others, which affect and improve their lives." It's not that we're creating businesses, we're changing lives. Obviously, as an NGO, our aim is social impact. It's about employment. And it's not about employment in business, it's about how employment positively affects the cycle of a person's life. Access to finance means that if they become

“IT'S NOT THAT WE'RE CREATING BUSINESSES, WE'RE CHANGING LIVES”





The backing of shipping magnate Thanasis Laskaridis (right) has already enabled the People's Trust to help a host of SMEs in Greece



employed, that means they've got better health, better mental health, a sense of wellbeing.'

From a modest office in Athens, paid for by Laskaridis, TPT hopes to raise €1 million in funding over the next year or so, both in the UK and in Greece. 'Our target is quite high. One million euros is not a small sum. But if we want to support people and have a serious impact, that's the kind of number we want to see.' The main targets are HNW and UHNW individuals, but there are multinationals which have a presence in Greece and run large corporate and social responsibility programmes. There is also a plan to host gala fundraising dinners every couple of years, both in Greece and in the UK, to tap into the resources of the Greek diaspora as well as UHNWs living in Greece. (Laskaridis and Lazou are now resident in London.)

THE LOW POINT

A recent cover feature in the *FT Weekend* magazine, 'The Greek Tragedy', looked at the effects of the eurozone crisis on the country. It was all about crippling long-term unemployment and in particular how whole villages are dying, because young people are leaving and the old people who are still there can't sustain their communities any longer. Those who do stay lose touch with the world. They're staying at home because they can't afford to go out.

'One of the social businesses that we're supporting,' explains Kidner, 'is actually going to villages like that and connecting them with wi-fi, and giving them the ability then to connect with tele-medical services, and through Skype with their kids who've left and gone overseas... otherwise they might not hear from them in ages. So their model is to connect people again through a little bit of training — you know, showing them how Skype works, showing them how the router might work and things like that — and having people then manage that for a village. And that's paid for by the local mayor or council.'

The AC Laskaridis Charitable Foundation was already giving away money in three areas: marine conservancy, social welfare (especially in the wake of the European migrant crisis), and transparency (as an antidote to corruption). The fact that TPT is an NGO is especially important, because the funds are not processed through government and are therefore not vulnerable to politicians' clientelism.

TPT is seeking about ten applications a week so that it can whittle them down to two that it might approve, and it's able to evaluate applications in about three to four weeks.

'You can go through the process in a month,' says Kidner. If you have a good business plan, you know your financials, and you sit down with your consultant and you can build your evaluation grid, which is based on your break-even point, your projections. Your consultant then goes into some of the soft skills as well as the quantitative stuff. We provide consultants, either through our staff or through AFI, who do the evaluations. And always we're trying to support the most vulnerable, who are typically without access to finance.'

“WE'RE TRYING TO SUPPORT THE MOST VULNERABLE, WHO ARE TYPICALLY WITHOUT ACCESS TO FINANCE

Currently, most of the applicants are Athens-based, partly because by far the largest concentration of the population is in the capital, but also because of a lack of organisational resources. 'We would love to be able to go to the countryside, to Thessaloniki, to Crete, but the issue there is that we are very human-resources-heavy at this point. But we do want to reach out. We've funded a social café in Samos [one of the Greek islands]. Their aim in creating the café/taverna was to hire unemployed people, get them back on their feet.'

What are the other types of business that TPT has chosen to support, I ask Kidner? His personal favourite is a micro-brewery. 'The founder had some cashflow issues because the bank took a while to provide him his loan. So actually we did a bridging loan for him, which helped him purchase the equipment he needed to meet demand. He supplies craft beer to bars and he also has a luxury beer, which he sells to a chain in Thessaloniki.'

Another grantee makes a health drink out of ginger, honey and lemon, which can be enjoyed as a tea or as a soft drink. He started the business out of his own kitchen and now, with TPT's help, has set up a production centre so that he can sell to bars and pharmacies and health clubs on a more formal basis. There is another TFT grantee who has built a swimming pool for aqua aerobics for woman and babies. 'That will create in itself seven jobs and that cost €10,000, so the social impact value of the investment is really high,' adds Kidner.

A RIGHTEOUS PATH

Another interesting social impact project is called Paths of Greece. 'They work together with local mayors and do the signage and the clearing of spaces in order to create hiking routes. And through that work — for which they get paid — they then license hotels, as long as they take care of their own paths, as a Paths of Greece hotel that has hiking routes.'

One of the simplest success stories concerns a sales kiosk. 'A girl, 27 years old, who had lost both her parents, was living on a meagre insurance income and was really struggling,' explains Kidner. 'A friend of her mother's who had a kiosk retired and rented it out to her for €50 a month for several years. Fifty euros is nothing and kiosks can make a lot of money — and this is on a main road. But for all that she didn't have the capacity to buy stock — it's really cash-heavy. She didn't have the refrigerator she needed, the security locks, the point-of-sale system. So those are the kinds of things we've helped her with. That just went through last week. You know, not a fascinating project, but a really interesting profile, because she was vulnerable.'

Greece is undergoing a major social crisis, its worst since the Second World War. 'You know, one in four people are close to the poverty threshold,' says Kidner. But TPT is already showing that enterprise can be encouraged outside of government or EU programmes. 'We want to bring together the Greek community and sympathetic members of the English community to support us, because our work does have a very strong social impact.' 📍