

## The Czech Experiment That Turned 'Unlendable' Homeless Families Into Reliable Borrowers

*A 79-year-old social entrepreneur in Prague defied conventional wisdom by lending to homeless Roma families without interest, collateral, or enforcement—and achieved 52% capital multiplication through voluntary repayments. His five-year experiment challenges the global poverty finance binary and suggests a 'third way' between predatory microfinance and dependency-creating charity.*

### THE HOOK

Everyone told Vojtěch Sedláček he was naive. Lending to homeless Roma families—no collateral, no interest, no penalties—would be financial suicide. 'They'll never repay,' advisors warned. Five years later, his Foundation First Home has served 410 families, multiplied donor capital by 52%, and achieved 41% repayment without a single legal collection action. The secret? Treating people experiencing homelessness not as charity cases but as borrowers worthy of trust.

### THE NUMBERS

- **410 families served** (approximately 1,400 individuals including children)
- **8.1 million CZK deployed** (\$355,000 USD) in housing crisis loans averaging \$700-1,000
- **52% capital multiplication:** Every donor dollar generated \$1.52 in deployable capital through voluntary repayments
- **41% aggregate repayment rate** with zero legal enforcement, zero interest, zero penalties
- **One-third of loans fully repaid** by families deemed 'unbankable' by traditional finance
- **85% Roma recipients** directly contradicting stereotypes about Roma financial irresponsibility

### THE HUMAN STORY

When Sedláček launched 'Grandfather's Loan' in June 2020, Czech Republic was in COVID lockdown and he was 74. A social entrepreneur for 30 years running companies employing disadvantaged workers, he'd seen firsthand how the housing system trapped families: rental deposits require 2-3 months' rent upfront—impossible amounts for people experiencing homelessness or discrimination.

His radical idea: Trust frontline social workers to identify families with hidden repayment capacity, then offer them *loans* instead of charity. 'The loan itself is recognition,' he explains. 'For many, it's the first time in years someone has treated them as capable of obligation.'

Operating first from his personal transparent bank account (likely illegally, he admits), Sedláček built enough evidence over two years to force regulatory clarity from Czech National Bank. The model was legalized in 2022 as a new category of charitable lending. Now formalized as Foundation First Home, the operation runs with complete financial transparency—every transaction publicly visible, updated monthly on [www.nejdrivdoma.cz](http://www.nejdrivdoma.cz).

## WHAT MAKES IT WORK

Three innovations distinguish the model from both traditional microfinance and charity:

**Partnership screening:** 79 social service organizations across Czech Republic refer families they already work with. These frontline social workers function as underwriters, possessing contextual intelligence about family dynamics, motivation, and behavioral patterns invisible to credit algorithms.

**Radical transparency:** Complete financial operations occur through transparent bank accounts with monthly public reporting. This creates 'reputational collateral'—accountability without coercion. Recipients know their behavior contributes to visible statistics affecting model sustainability.

**Dignity architecture:** Zero interest, zero collateral, zero penalties, zero legal enforcement. Non-repayment simply converts the loan to a grant—maintaining a safety net while signaling mutual obligation. As Sedláček's operating motto states: 'Regret equals inability to help.'

## THE STORY IN TWO FAMILIES

*Woman HC (53, disabled) lived with four children in a cellar ruin, literally among rats, until 2022. A social worker used loan funds to secure housing at a group facility. Zero repayment has occurred—the loan converted entirely to grant. But housing stabilization succeeded.*

*Man RS (34, disabled) faced eviction with his partner and four children in 2023. Three loans over time prevented crises. The first two were fully repaid; the third is being repaid on schedule. He represents 'responsible but precarious'—the model's sweet spot.*

## WHY IT MATTERS NOW

Global poverty finance operates on a binary: microfinance for the 'creditworthy poor' (with high interest and coercive collection) versus unconditional grants for the

'unbankable.' Sedláček's experiment demonstrates a third category works—dignity-based lending that neither extracts nor creates dependency.

The results challenge fundamental assumptions undergirding billions in development finance. Conventional credit scoring is blind to repayment capacity that becomes visible only through contextual human judgment. The 'unbankable' category appears to be less about actual capacity and more about assessment methodology.

For Czech Roma specifically, the findings are powerful. Systematic housing discrimination is well-documented; financial irresponsibility stereotypes are pervasive. Yet one-third of Roma borrowers fully repaid loans in a system designed to make repayment easy (flexible, penalty-free) rather than coerced. The capacity was there; systems weren't designed to see it.

## WHAT'S NEXT

Sedláček is now 79 and managing operations largely solo with custom software. He's seeking research partnerships to rigorously evaluate the model through randomized controlled trials and support replication testing in diverse cultural contexts.

The broader question: If dignity-based lending can multiply donor capital by 50% while serving people experiencing homelessness, why isn't this approach standard practice? The answer may be uncomfortable—it requires trusting people whom systems have decided are untrustworthy. Sedláček's experiment suggests that when you build systems that expect the best of people rather than the worst, they tend to meet those expectations.

'Money always helps people at the edge,' Sedláček says, 'regardless of whether they repay. But when they can repay and choose to—that's not just financial success. That's restored dignity.'

## CONTACT & TRANSPARENCY

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Complete operational transparency: [www.nejdridvdoma.cz](http://www.nejdridvdoma.cz)

All financial data updated monthly: transaction history, loan status, partner organizations, aggregate statistics—fully public.

## STORY ANGLES FOR JOURNALISTS

- **Human interest:** 79-year-old maverick operates 'probably illegal' experiment that forces regulatory change

- **Innovation angle:** Social workers as better credit analysts than AI for marginalized populations
- **Roma rights:** Empirical challenge to pervasive stereotypes about financial irresponsibility
- **Global development:** Evidence for 'third way' between predatory microfinance and dependency-creating charity
- **Behavioral economics:** How framing assistance as 'loan' vs 'grant' activates different motivation
- **Transparency tech:** 'Reputational collateral' as substitute for legal enforcement
- **Aging population:** Septuagenarian still coding custom software and revolutionizing social finance

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