



# Addressing Inequities in Financial Support

## Policy Brief Sweden

Grant Agreement n°. 101084234



**Funded by  
the European Union**

Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the European Research Executive Agency. Neither the European Union nor the granting authority can be held responsible for them.



Policy Brief SE07, 2025.

# Addressing Inequities in Financial Support to Enhance the Sustainable Transition

1

*The financial innovation support should be able to cater to various stages, sizes and types of businesses.*

## Executive Summary

Norm-breaking, sustainable companies in Sweden face funding challenges, especially non-tech and small businesses. Women entrepreneurs often avoid external funding due to financial risks and value preservation. Current support systems are inadequate, particularly for rural areas. Specialized funds exist but are fragmented, and many businesses struggle to qualify for national support. The financial innovation support should cater to various stages, sizes and types of businesses.

## The Challenge

The current innovation funding support systems in Sweden are not well-adapted for small businesses, those without financial profit and growth goals, or non-technology-based enterprises. This has led to unequal impacts, particularly affecting women-owned businesses and rural areas. Consequently, many do not seek or receive adequate financial support. Some entrepreneurs avoid external financing altogether since they are afraid that criteria privileging economic growth before other goals will lead to dependence on financiers' intentions and compromise their vision of a sustainable society.

## Farming Women's Challenges

Farming women in FLIARA face challenges accessing private finance, including a lack of confidence to approach banks and uncertainty about repaying loans. These issues stem from seasonal cash flows, collateral challenges related to asset ownership, and property rights concerns. Consequently, banks are poorly equipped to support women innovators on farms.

Sweden lacks a government-sponsored support system specifically for women innovators or entrepreneurs. Although a project for women entrepreneurs was launched in 2024, it is modestly funded with only SEK 8 million, compared to the SEK 3.5 billion allocated to STEM fields through Vinnova. When women-only funds are available they are still aimed at technological development, thus bypassing many women innovators in rural areas.

While numerous specialized support systems exist, they often cater to specific stages of business development and the systems may not communicate with each other, creating a fragmented support landscape. Tech companies, for example, receive ample support during the business development phase from various sources, including Vinnova and business incubators, while social or cultural innovators have great difficulties securing start-up funding.

Finding financial support for initiatives that aim to sustain existing communities or projects becomes even more difficult. Funds are more readily available for technological development than for production development, administration, or marketing. This may, for example, lead some businesses to engage in construction projects just to qualify for rural development support - ingenuity is needed to navigate the complexities of the existing business support system.

2

## Inspirational Suggestion from Italy

Microcredit programs could be developed to support women innovators lacking the financial capital to implement their ideas. National or regional governments could grant these funds to women entrepreneurs with well-developed business plans. Ideally, women would receive assistance in developing their business plans and applying for microcredits to increase their chances of success. These financial instruments should be easily accessible with minimal bureaucracy. Such program would particularly help women who did not inherit a farm or assets, enabling them to develop their ideas and projects.

Source:

Sivini, S., Roos, A. and Leonardelli, I. (2024), "D.3.3: Women-led Innovations in Agriculture and Rural Areas, Lessons Learned Report and Fact Sheets on Female Innovations", 6 November, available at: <https://zenodo.org/records/14045390> (accessed 4 April 2025).

## Policy Solutions

We propose that the financial innovation support systems should cater to:

- 🏠 Various stages of businesses, with start-up and expansion phases.
- 🏠 Various sizes of businesses, especially targeting micro-businesses.
- 🏠 Various types of businesses, including those without financial profit and growth as goals.

There is no need for special funds for rural development, but existing resources must be made accessible for rural firms. We therefore argue for changes in the criteria of existing funding solutions. We need funding agencies that can adapt financial funds for small businesses, those that do not have financial profit and growth as goals, or that are not technology based. Adjusting the size criteria is especially relevant for agricultural support, which aims for large-scale economically effective farms and thus disregards all landowners under 4 hectares. Also funding for small-scale environmental initiatives are missing.

## Supporting Evidence

Evidence from interviews in Sweden suggests that financial innovation support should cater to various stages, sizes, and types of innovation development. While start-up and idea development are important, there is a significant need to focus on innovations post-start-up and pre-maturity to address their specific policy requirements. The middle stages of the women-led innovation journey present unique opportunities, challenges, and needs that require greater recognition in policy. Supporting businesses that expand gradually and adapt to their own development and emerging opportunities is crucial. For many interviewees, while start-up costs were manageable, financial needs increased signi-

ficantly to support business growth after the initial phase.

In the FLIARA interviews and Community of Practice (CoP) events, female entrepreneurs from the farming and rural sectors highlighted that women often run micro-businesses that are relatively small-scale and do not align with the typical business operations targeted by funding sources. Examples include food cooperatives, knowledge initiatives, and voluntary associations. These unique small-scale rural and farming activities often fall between different funding schemes, which are designed for larger traditional businesses.

3

Recent research in Sweden shows that norm-breaking companies working with sustainability often encounter resistance when seeking funding from traditional funding sources, such as banks. This is also reflected in FLIARA where we see a reluctance from the women entrepreneurs to scale their businesses. They highlight concerns about financial risks, maintaining personal values, and preserving close customer relationships and social sustainability.

Source:

Gustafsson, M. (2024), "NEW RESEARCH | Impact companies face obstacles in traditional financing: 'Slowing down the sustainable transition' - Esbri", 4 December, available at: <https://esbri.se/en/new-research-impact-companies-face-obstacles-in-traditional-financing-slowing-down-the-sustainable-transition/> (accessed 4 April 2025).

Additionally, the above suggested policy is included as one of the visions in FLIARA Work Package 2. Named as "An inclusive innovation system" the vision focused on the bias of growth and/or urban in the sustainability discourses and solutions. One fifth of the sustainability problems identified by a diverse set of rural stakeholders was related to inadequate biased public policy, that does not resolve the problem and can even exacerbate the issue. It is built up on the rational that diverse innovative projects and persons reform rural areas toward sustainability. The financial support system needs mentors, sounding boards, alumni and coaches that support local actors. The focus is to take a long-term approach in development and policies.





## Conclusion & Call to Action

The financial innovation support should be able to cater to various stages, sizes and types of businesses. While specialized funds exist, they are fragmented, and many businesses struggle to qualify for national support. Consequently, norm-breaking, sustainable companies in Sweden face funding challenges, especially non-tech and small businesses.

## Further Reading

Article on how impact companies face obstacles in traditional financing: Gustafsson, M. (2024), "NEW RESEARCH | Impact companies face obstacles in traditional financing: 'Slowing down the sustainable transition' - Esbri", 4 December, available at: <https://esbri.se/en/new-research-impact-companies-face-obstacles-in-traditional-financing-slowing-down-the-sustainable-transition/> (accessed 4 April 2025).

Kuhmonen, T. and Tembo, B. (2024), "D2.2: Future Vision Manifestations", 6 November, available at: <https://zenodo.org/records/14045244> (accessed 4 April 2025).

Sivini, S., Roos, A. and Leonardelli, I. (2024), "D.3.3: Women-led Innovations in Agriculture and Rural Areas, Lessons Learned Report and Fact Sheets on Female Innovations", 6 November, available at: <https://zenodo.org/records/14045390> (accessed 4 April 2025).

4

## About FLIARA

The project is on a mission to create a more sustainable future by highlighting the role of women in agriculture and rural areas. FLIARA will boost understanding of the needs and challenges facing women leading innovative environmental and rural development practices in EU farming and rural areas.

Contact

Email: [info@fliara.eu](mailto:info@fliara.eu)

2025.



# Female-Led Innovation in Agriculture and Rural Areas

[www.fliara.eu](http://www.fliara.eu)



Funded by  
the European Union

Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the European Research Executive Agency. Neither the European Union nor the granting authority can be held responsible for them.

