DOES SOCIAL AND FINANCIAL MICROCREDIT CHARACTERISTICS ENCOURAGE THE FINANCING OF THE SMALL PROJECTS: THE CASE OF AGRICULTURAL ENTREPRENEURIAL FIRMS IN SOUDAN

Elmoez Zaabi, Institute of Business Administration, Valenciennes

ABSTRACT

Microfinance banks procedures as dedicated to entrepreneurs of small business, particularly within rural areas are positively affect their financing and project achievement. The current research was carried out to investigate the impact of social, administrative and financial aspects of microcredit on financing projects among the agriculture entrepreneurs in Dongola-Souda. The study was conducted on 120 agriculture entrepreneurs. Data were collected by a valid and reliable survey to obtain the opinion of agriculture entrepreneurs toward their perception of when seeking bank, a loan or help in their micro business. The results shows that The major activities of small business and private entrepreneurship have been proven to be closely linked to banks , the microfinance made available to entrepreneurs positively affect the entrepreneur's small business, particularly within rural areas where resources are limited or restricted. The benefits of banks providing loans and other microfinancing support alleviate the financial and non-financial constraints that rural entrepreneur's face which not enables them to establish their business but also facilitate the maintenance and success of their projects. Furthermore, the results show that hard governing regulations limit the ease of doing business and an entrepreneur's ability to start up a business. The findings are of great importance to suggest a need to improve microfinance administrative procedures and social aspects to be more flexible to make access to finance easy and reduce poverty in rural areas.

INTRODUCTION

This paper examines the perception of agricultural entrepreneurs toward getting loan or support from banks. Entrepreneurs are an important source for promoting innovation and economic growth (Zhang, Zhuge, and Freeman 2020). Small and medium enterprises in developing countries play important roles in the functioning of the economy due to large participation in business activities (Wei-Loon et al., 2014). The activities of male and female entrepreneurs have a positive impact on the economy and influence the life of individuals and quality of life (Schumpeter, 1934; Weber, 1904; Adejumo, 2001; & Morris & Lewis, 1991). Stimulation of economic development, employment production, and overruling of the disadvantaged has been taken into account through studies of such positive relationships (Mueller and Thomas, 2000; Reynolds, 1987; Shapero, 1981; Harper, 1991)). Furthermore, Thomas and Mueller (1999) contend that more entrepreneurial activity helps reposition

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industries, allow for new employment, and create new jobs while increasing economy growth, enhancing the flexibility of economy, and self-renewing economies. (Erkomaishvili, 2016) notes that the development of small entrepreneurial activities lay the foundations for the development of a stable economy.

(Thornton, 1999) indicates that there are two different perspectives; the supply-side which considers the entrepreneurial environment created by individuals related to economic development and the demand side perspective; an *"opportunity structure, an 'objective' structure of economic opportunity and a structure of differential advantage in the capacity of the system's participants to perceive and act upon such opportunities"*. The entrepreneurial environment considers economic, sociocultural and political status key factors that influence the ability and willingness of male and female to operate activities and the available resources which ultimately lead to becoming entrepreneurs (Gnyawali & Fogel, 1994, Romanelli, 1989). According to (Bemanke & Gertler, 1990) the size per capita of income and cyclical fluctuations are influenced by banks and the stress of the economy therefore, understanding legal and financial systems is necessary to understand economic development (North 1981; Engerman & Sokoloff, 1996).

LITERATURE REVIEW

The importance of the small business sector to economic development has been the focus of government attention over the past decade (Tyler, 2011). Bagehot (1973) asserts that increasing the economy is possible where banks produce creditworthy firms, mobilize savings, compile risks, and facilitate the transactions and growth of the economy. Robinson (1952) argues that the development of an economy creates a demand for financial systems and services. For instance, as reported by (Komolafe, 2008) in Nigeria, Micro Finance Banks spread across the country in 716 different locations in which 282 are in the South West, 169 in the South East, 106 in the South, 78 in the North Central, 48 in the North West, and 33 in the North East. These different locations and number of branches affect the access of micro financing to the inhabitance where there is low concentration of banks.

Recently, efforts have been made to measure the status of the environment for businesses and investments to evaluate the implications of growth in the economy (Cull, et al., 2015). Microfinance institutions constitute key roles in interplay with banking sectors to the business environment in disadvantaged market segments in developing countries (Cull, et al., 2015). The interactive relationship between microfinance institution operations and the macro economy has a poverty reducing effect (Imai, Gaiha, et al., 2012). La Porta and Shleifer (2008) assert that more than half of economic output in developing countries is constituted to informal activities. In addition, scholars have found that there is a correlation between informal activity and poverty alleviation (Pimpa & Fry, 2012; Prahalad & Hart, 2002) and market development (Mair et al. 2012). In developing countries, entrepreneurial activities are influenced by financial intermediation, inefficient markets and investment opportunities (Bond, et al., 2015).

The development of the nation's socioeconomic condition has been linked to greater entrepreneurial activities in which such activities function differently in different socio-economic levels (Abimbola & Agboola, 2011). (Thomas & Mueller, 1999) convey that increased entrepreneurial activity enhances the flexibility and growth of the economy whereby

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entrepreneurship is focal to self-renewing economies (Shapero, 1981). The function of entrepreneurship essentially functions in less developed countries to stimulate economic growth (Harper, 1991), provide employment and to emancipate the disadvantaged division of the population (Abimbola & Agboola, 2011). Thus, the role of entrepreneurship is affected by environmental factors both internal and external factors of which the entrepreneur has little control over. An individual will take on more risk in a growing economy due to raises in current and expected income ultimately leading them to invest more capital in a business venture. In addition; greater foreign investment, workforce participation, and production share lead to a growth in loans since a dynamic society creates greater demand and opportunities for entrepreneurs (Ahlin, Lin, & Maio, 2010). (Rur, 2015) stated that informal sources accesses impede firm investment and growth.

Moreover, (Autio & Fu, 2015) argue that the country's political and economic institutions condition informal entrepreneurship, poverty and inequality. In developing countries, informal entrepreneurship is considered to generate job opportunists and increase the economy's efficiency (ILO, 2011a). One of the surveys by ILO (2011b) found that approximately 40 percent of employees in informal sectors of non-agriculture across 39 countries are from low and middle class incomes, and in Sub-Saharan Africa, 51 percent in which sub-Saharan Africa depend their lives on agriculture since it is considered the main source of their employment for fast growing for youth labor, while 58 percent belongs to Latin America and the Caribbean regions (Salami et al., 2010; Gollin, 2014; Jayne et al., 2014).

Agricultural activity is a biological process dependent of land for production which ultimately impacts more on the environment than other sectors of business (Britz et al., 2012, Trnka et al. 2011). Increased agricultural production for food security is priority to countries focusing on improving productivity through technology, extension services, and supply of inputs. Such is due to rural policies containing the potential to alleviate poverty in which policies should not merely focus on agriculture but also on non-farming segments to aid in income and employment generation and reduce poverty (Mwabu & Thorbecke, 2004). Agricultural activity contributes to entrepreneurial opportunities of innovation and development of business processes and products (EIP-AGRI 2016; Vik & McElwee, 2011). (Johnston & Blenkinstopp, 2017) point out that civic entrepreneurship is of underlying importance to creating economic growth and opportunities to local communities. Entrepreneurs are thus key to the establishment and proliferation of new market segments (Mendoza & Thelen, 2008; UNDP, 2004) that fill the gaps of economic growth and development to all parts of a society.

Regarding the characteristics of entering agricultural business; entrepreneurs are supported by Common Agricultural Policy (CAP) to help youth farmers start up their businesses (Sutherland & Zagata, 2015). In addition, European policies encourage entrepreneurs to establish agricultural ventures and non-agricultural businesses (Fuller 1990; Morgan et al. 2010) in which these policies are related to rural development and motivate youths in rural areas (Marsden & Sonnino, 2008). Likewise, agricultural entrepreneurs engage in rural-natural environments with some challenges such as capital finance, low level of people living in rural areas and weak communications (Korsgaard et al., 2015).

Yet, successful agricultural entrepreneurs do not influence the behavior of entrepreneurship at whole. (Mwatsika, 2015). Indeed, creating opportunities for employees

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will increases rural income (Maertens & Swinnen, 2009). In fact, in rural areas, non-agricultural activities through self-employment produce income to households of the area (Davis & Bezemer, 2004) yet are undermined by low production of quality, unsustainable and perishable once the country develops (Nagler & Naude, 2014). In some developing countries, rural entrepreneurs are not greatly recognized to stimulate rural economies (Lanjouw & Lanjouw, 2001). However, agricultural entrepreneurs function not only on the production of food but also in shaping the landscape, preserving biodiversity and creating a cultural heritage over time (Daugstad et al., 2006). (Alsos & Carter, 2006) claim that it is easy to start up a new agricultural venture as a result of the physical assets, inventories, facilities and land available that can improve profit. However, the lack of resources, entrepreneurs, and knowledge of marketing and sales reduce the success of diversity (McElwee, 2008).

Microfinance has been emerging as a tool to drastically reduce the rate of poverty (Cobb et al., 2015). Small loans provided to the poor help ease their financial constraints and aid in their expenditure decisions that ultimately increase future income (Yunus, 1999). Thus, to efficiently combat poverty, microfinance is reliant upon its ability to reach market segments of those who need capital in which access to funding is greatly important to improving the microfinance industry (Cobb, et al., 2015) in which it leads to an ultimate revival of a poor country (John, et al., 2001). Yet, monitoring small loans lead banks to generate high transaction costs that results in formal financial systems excluding the poor and increasing exposure to financial uncertainty consequently making loans difficult for farmers to obtain to start their own ventures (Ledgerwood, Earne, & Nelson, 2013). The poor rely on loans for long-term enhancement and orientation in their decisions for consumption (Karlan & Zinman, 2010).

(Vanroose & D'Espallier, 2013) conducted a study which found that the macro environment at whole is a crucial determinant for microfinance aid and performance to developing countries in need of loans. In addition, banks have become increasingly interested in assisting microfinance clients ultimately leading to competition between banks and microfinance institutions. They found that Microfinance Institutions (MFI's) succeed and face less competition in areas in which the traditional finance sector is underdeveloped thus allowing them to reach a wide segment of the population. On the other hand, countries with more developed financial sectors increase competition faced by MFI's with local banks yet focus solely on aiding the poor this closing the gaps created by banks. (McIntosh & Wydick, 2005) agree that commercial banks have high demand to serving microfinance clients which increases the competition between banks and MFIs (Assefa et al., 2013; (Augsburg & Fouillet, 2010) whereas another study has shown that MFI's charge higher interest rates than commercial banks (Fernando, 2006). However, (Erkomaishvili, 2016) notes that the development of small entrepreneurships lay the foundations for the development of a stable economy. A study conducted in 2011 shows that over 200 million clients worldwide benefit from the creation of microfinance and rated outstanding's of loans of over $73 billion (Agier & Szafarz, 2013). In highly functioning economic environments, governmental institutions designate lenient policies that diminish regulatory burdens and costs on new businesses. This kind of environment allows for businesses to establish at low costs and gain the benefits of registering creating relationships of trade and propriety deals while avoiding the risk of sanctions (de Soto, 2000). In contrast, in developing economic environments, regulations and

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policies place great burdens on establishing entrepreneurs. Yet, by leaving governmental registers, informal entrepreneurs avoid such burdens (de Soto, 2002).

Studies conducted have shown that hard governing regulations limit entrepreneurs' ability to start up a business due to the unofficial economy and corruption (Djankov, et al., 2002) and the long process it takes of registering the new business (Ciccone & Papaioannou, 2007). In addition, (Imai et al., 2012) mentions that countries with large microfinance sectors tend to have less poverty where financing entrepreneurs focus on bank loans and venture capitals (Bygrave, 2009). Moreover, there is a correlation between the business environment and the microfinance industry (Ahlin, 2011) in which the ease of doing business is deemed a reliable source of information about the business environment such as the regulations of the country, laws, and costs of the business (DB, 2010). However, some emerging countries have limited access to finance thus, microfinance has become the focal source to supplying necessary capital to microenterprises (Dorado, 2001 & Khavul, 2010). Moreover, microfinance has been known to aid in venture growth and social improvement through its means of creating economic and social value (Moss, et al., 2015).

Adjusting the Loan Ceiling for Micro and Small Financing

In 2021 within the framework of the Central Bank of Sudan's endeavor to achieve balanced economic development, support the priority sectors, deal with the overall changes in the national economy, and address their impact on the micro and small finance sector, the following was decided:

Cancelling the circular of the General Administration for the Regulation and Development of the Banking System No. (7/2018) "Raising the ceiling of microfinance" issued on 10/28/2018, Cancellation of the circular of the General Administration for the Regulation and Development of the Banking System "Raising the ceiling of microfinance" issued on 10/11/2020, and Amending Paragraph Second of the Microfinance Unit Circular No. (2/2020) "Basics and Controls for Granting Micro and Small Finance" issued on 1/7/2020 to read as follows:

"Microfinance is defined as a set of financial and non-financial services for economically active individuals and owners of economic initiatives," provided that the financing ceiling does not exceed 400,000 pounds for productive sectors and 200,000 pounds for other sectors. The smallest mentioned in (a) above and does not exceed the amount of three million Sudanese pounds per operation. Additionally, Microfinance opportunities and challenges the role of the microfinance unit in developing and sustaining financing the vulnerable segments and alleviating poverty. Microfinance in Sudan, guarantees, cost and return on microfinance. Additionally, the experience of microfinance in the state of South Darfur, opportunities and challenges, and the development of banking activity in the state of South Darfur (Central Bank of Sudan, 2022).

Macroeconomic and Financial Developments

In 2021,GDP recovered from a negative 3.6% the prior year by increasing approximately by 0.5%. This recovery was due to the supply side activities such as agriculture and mining and demand side activities such as private consumption and investment. Before the

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growth of the GDP, there had been multiple years of economic contraction caused by macroeconomic imbalances, political instability, structural deficiencies and COVID-19. Hence, in 2021 the central bank adopted an accommodative monetary policy to bolster the growth of credit and economic activity. Between 2020 and 2021, inflation more than doubled from 163.3% to 358.9%, respectively which stemmed from currency depreciation and removal of fuel subsidies. Constituting over 80% of total assets, banks are incumbents in the financial sector. As the restrictions imposed from COVID-19 were reduced, public revenues improved which eased the fiscal deficit to 4.5% of GDP in 2021 compared to 5.6% in 2020. Under the HIPC initiative in 2021, Sudan reached a "decision point" by cutting its external debt of $56 billion by 50%. In 2021, an increase of 10% of GDP in current account deficit, financed by portfolio investments and external borrowing, was increased as opposed to 8.3% in 2020 stimulated by more imports after COVID-19 restrictions were lifted, thereby offsetting the rise of exports due to improved external demand. Party due to COVID-19, poverty increased from 55.4% in 2020 to 55.9% in 2021 whilst unemployment remained high at 18% in 2020.

Outlook and Risks

Driven by agriculture, mining, and by private consumption and investment; GDP is projected to grow by 2.5% in 2022 and 4.5% in 2023. The greatest risks include political instability, COVID-19, and shocks related to the Russia–Ukraine conflict (notably higher food and oil prices). Political stability is expected be restored through the formation of a civilian government while accelerating macroeconomic and structural reforms. In this manner, inflation is expected to decrease to 246.4% in 2022 and once again to 115.7% in 2023. The fiscal deficit, financed by domestic and external borrowing and Sudan's SDR allocation, is expected to reduce to 3% of GDP in 2022 through public spending and to 3.2% in 2023.

As with many developing countries, Sudan's economy is largely based on agriculture and the production of raw materials. Their agricultural economy contributes to approximately one-third of the GDP, generates around 90% of non-oil export earnings, and is the predominant source of employment by which over 75% of the labor force is employed in agriculture and related activities. In addition, it is the main livelihood source for over two-thirds of the population and continues to be the key priority sector in Sudan's growth and poverty reduction agenda (Osman, 2017). The greatest challenges the agriculture faces are enhancing the productivity of agriculture, public and private investment in rural infrastructure (e.g. irrigation systems, agro-processing facilities and markets), the rehabilitation of rangelands and the adaptation to climate change. Moreover, while efforts had been made to establish regulations and legislations to combat soil degradation and desertification, such issues still remain to be the greatest environmental threats in Sudan (Osman, 2021).

Theoretical Framework

Improving the living conditions of people in rural areas and enhancing their livelihood is contingent on agricultural entrepreneurship (Choudhury, 2022).

The performance of finance consists of profit (e.g., return to assets, and equity) and portfolio quality (e.g., repayment rates, portfolio at risk, loan loss ratio) demonstrating

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financial institutions as practicing good business. In addition, production (e.g., number of active borrowers or savers per credit, savings officer, portfolio, deposits and savings) refers to MFI competitiveness and the validity of finance (e.g., operation or financial self-sufficiency, subsidy dependence) in which the MFI's capability of utilizing revenue to cover costs is essential to the entrepreneur (Ledgerwood, 1999). In contrast, reducing the poverty rate in rural regions in developing countries through social franchising provides greater small microfinance loans to entrepreneurs (Webb & Fairbourne, 2016). Furthermore, (Camenzuli & McKague, 2015) point out that in rural regions, entrepreneurs are insufficiently experienced, have limited market opportunities and education, and entrepreneurial ability. However, entrepreneurs in rural areas need more than merely finance to succeed. Studies have shown that in least developed countries, rural regions with low income are essentially different from that of advanced countries (McKague et al., 2017).

In comparison, some studies have shown that the creation and growth of small businesses come from the support of microfinance as it has been demonstrated that such businesses are successful ventures in which there is a net effect of income to the household (Banerjee, Duflo, Glennerster, & Kinnan, 2015). The influence of microfinance on poverty or income depends on micro-level evidence entirely on entrepreneurial, household data (Hulme & Mosley, 1996; Imai, Arun, & Annim, 2010; Khandker, 2005; Mosley, 2001). In short, the firm's capability and ability to repay loans in present and future times are indicated by its financial performance (Fama & French, 2012). Scholars have suggested that the performance of the firm is linked to organizational decision makers whose interests are in partnership investments with strong and stable performance rather than weak performance (Wry et al., 2014, Josefy et al., 2015). Defining microfinance: "Microfinance is defined as the amount of funding granted individually or collectively to finance a project or activity, and its volume exceeds the size of the funding ceiling (Central Bank of Sudan, 2022).

Scholars have conceded that national and regional firms and national economic performances are reliant on entrepreneurship to productivity, employment, and socio-economic development (MacMillan, 2014, Dunphy, 1994). Moreover, social entrepreneurship is a phenomenon of socioeconomic development of a country in which solutions are created to provide opportunities that improve social welfare rather than economic wealth (Faruk, et al., 2016). In rural areas of underdeveloped countries, the elements and operation of entrepreneurial activity are restrained by restricted government provision of public goods and poverty (Khanna & Palepu, 2005). In addition, in the least developed countries; the rural entrepreneurship institutional void is ''a situation where absent and/or weak institutional arrangements prevent those excluded by poverty from participating in market activities'' (Mair & Marti, 2009: 424).

H1: Social concordance of bank procedures with entrepreneurs' characteristics positively influences the financing of small projects.

H2: Microfinance procedures positively influence the financing entrepreneurs of small projects.

H3: Microfinance transaction costs negatively influences the financing entrepreneurs 'of small projects.

Data and Instrument Development

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In this paper we use both secondary and primary data. We considered all agricultures entrepreneurs of getting microcredit from banks in Dongola. We disturbed survey to obtain the opinion of agriculture entrepreneurs toward their perception of when seeking bank, a loan or help in their micro business. Our sample was selected using a probabilistic method, as entrepreneurs are in the top management, and responsible for the decision-making process of granting loans to customers (Alessa, et al., 2018). A total of 120 questionnaires were distributed and we got only 56 responded from agriculture entrepreneurs. The instrument of our paper was a questionnaire that was formed by researchers and pilot study was disturbed to 6 responses to make sure from the form of questionnaires and wither participants understand all domains correctly; however, the research instrument was agriculture entrepreneur's questionnaire, and the target was to gather the data we needed to profile such businesses. A review of the previous entrepreneur literature, especially studies describing microfinance entrepreneurs, was performed. Our questionaries' contain three Domains social concordance of bank procedures, the second domains were procedures of microfinance, and the third domain was microfinance transaction cost. Additionally, 5 scale of Likert scales were used to measure all the exogenous variables (Khan et al., 2022), which give the opportunities to all participants to answer the questions face to face.

Furthermore, this paper targeted to examine the environmental of agriculture farmer entrepreneurs who started up their businesses and they need different supports from banks. Moreover, validity and reliability are used in this paper. Thus, the validity of the instrument indicates the degree to which the instrument measures what it is supposed to measure, which has an influence on the population of questions, while reliability provides consistent results (Creswell & Creswell, 2017).

Moreover, independent variables and dependent variables were included in this research to analyze our final data set. Furthermore, the researcher's measurement knowledge of the type of variables used plays a crucial role in quantitative research, clarifying the research problems and developing the hypotheses (Kumar, 2019). Total number items in our survey was 19, and scale of level were used (nominal/ordinal). This used depended variable on the content and the design of the questionnaire (Alessa, 2021). As it is indicated that we used Cronbach's Alpha values of factor to measuring the reliability of our variables (Alessa et al., 2018), The α-values were considered as acceptable ($\alpha = 0.9$). The questionnaire is composed of 4 main axes, with three variables domains as mentioned earlier social concordance of bank procedures with entrepreneurs' characteristics (SOCPROC), microfinance transaction costs (LOANPROC) and procedures of microfinance (LOANCOND). The dependent variable is (FUN) will design microcredit loan access to measure facilities of getting loans in order to finance small projects.

Method of Data Analysis

In determining whether a set of independent variables can predict dependent variables, multiple regression analysis was used (Pallant, 2007). Because R squared is measured from zero to one, it is simple to illustrate how an independent variable can explain the dependent variable (Burns et al; 2007). The greater R squared is, the greater the association between the independent and dependent variable (Burns et at; 2007). Regression analysis slightly improves the outcome if the data is normally distributed, yet is not necessary in the analysis of variable

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normality (Tabachnick et al., 2007). However, the results are discussed based on one main Domain which was environmental and three contain three sections as mentioned earlier.

Descriptive Data Analysis

The Mean scores (M), Standard Deviation values (SD) of the variables are presented in Table 1. The results indicate that the mean score for social concordance of bank procedures with entrepreneurs' characteristics (SOCPROC) obtained the highest mean score (M=3.3804; SD=0.52273), is significantly larger than the mean of microfinance (LOANPROC) with M=3.3170 (SD=0.52763) while microfinance transaction cost (LOANCOND) scored the lowest mean value with M= 3.2946 (SD=0.65385).

This paper aims to examine the degree of correlation between our variables; thus, as drawn from Table-1, shows significantly strong correlations were found at r=.604 (Between Microcredit Loan Access: FUN and LOANCOND), moderately strong correlations were found at r=.515 (Between LOANCOND and SOCPROC), and r=.433 (Between LOANCOND and LOANPROC). Significant but weak correlation were between LOANPROC and SOCPROC (r=.297).

TABLE 1
MEANS, STANDARD DEVIATION AND CORRELATION

	M	SD	SOCPROC	LOANPROC	LOANCOND	FUN
SOCPROC	3.3804	0.52273	1			
LOANPROC	3.317	0.52763	0.297	1		
LOANCOND	3.2946	0.65385	.515**	.433**	1	
FUN	3.679	1.2226	.266*	0.09	.604**	1
*. Correlation is significant at the 0.05 level (2-tailed).						
**. Correlation is significant at the 0.01 level (2-tailed).						

Multiple Linear Regression Analysis

When building a model from a set of data on four variables, regression analysis is the widely used statistical technique (Bazdaric et al., 2021). Our Regression analysis suggests substantial variation of agriculture entrepreneurs: Microcredit Loan Access, SOCPROC, LOANPROC, and LOANCOND for our measures. The results for this analysis are provided in Table 2. The three exogenous variables (SOCPROC, LOANPROC, and LOANCOND) explained the variances of dependent variable Microcredit Loan Access. Additionally, in determining the effect of SOCPROC, LOANPROC and LOANCOND on Microcredit Loan Access (*H1*, *H2* and *H3*), it showed that SOCPROC (β = -.040; $p<0.750$) was not significant which rejected the first hypothesis. Additionally, the effect of LOANCOND and LOANPROC on Microcredit Loan

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Access (β =.714; p<0.00; β = -.207; p<0.1) was *highly* significantly and supported our (H2 and *H3).*

TABLE 2
MULTIPLE REGRESSIONS ANALYSIS

Variables	Beta (β)	T	SIG	Tolerance	VIF
Constant		1.131	0.263		
SOCPROC	-0.04	-0.321	0.75	0.798	1.253
LOANPROC	-0.207	-1.729	0.09	0.803	1.245
LOANCOND	0.714	5.364	0	0.796	1.256
R2	0.279				
F-statistics	5.186sig(0.01)				
Dependent variable	Microcredit Loan Access				

DISCUSSION

The major activities of small business and private entrepreneurship have been proven to be closely linked to banks (Hakimovna & Muhammedrisaevna, 2022) which demonstrate the validity of the third hypothesis. The microfinance procedures and council has been shown to positively affect Microcredit Loan Access, particularly within rural areas where resources are limited or restricted. The benefits of banks providing loans and other micro financing support alleviate the financial and non-financial constraints that rural entrepreneur's face which not enables them to establish their business but also facilitate the maintenance and success of their projects for the long-term. This in turn, generates a positive return to the economy.

As aforementioned, the rise of Sudan's GDP, growth of small businesses and entrepreneur's agricultural activities in the country illustrates how the financial support and the entrepreneurial incentives laid out by the central bank, particularly with micro financing projects, boosts the economy. It is evident then, that the contentious strengthening of the financing sector and the financial support for economic reforms creates a basis for comprehensive support of the real sector of the economy and sustainable economic growth (ibid).

The poverty rate in Sudan is estimated at 46% and is significantly greater in rural areas at 58% than in the urban areas at 26% (Osman & Ali, 2021). Therefore, bridging the large gap in poverty between urban and rural areas may stimulate an even greater accelerated improvement for economic development and growth since there is great untapped potential existent is rural entrepreneurial agricultural activity, in which agriculture is Sudan's predominant resource.

Based on the findings of (Osman & Ali's 2021) working paper, the overall performance and recent interventions of the Sudanese government in stimulating economic growth suggests that agricultural-development programs necessitate more public and private partnerships that involve farmers and their organizations, financial institutions and research to achieve national goals. In addition, they found that one of the remaining obstacles to agricultural growth is the flow finance to the agriculture sector, thereby contending that the government should increase

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investment on agriculture, to allocate resources and create a conductive environment through incentives. Therefore, this further demonstrates how there is a strong positive relationship between micro financing from banks and the establishment of small businesses since entrepreneurs cannot solely rely on the aid of the government and need the support from other sources.

Over the years, research has shown that SMEs are largely becoming accepted as valid mediums in job creation and livelihood improvement (Kanayo et al., 2013). In particular, empirical studies have revealed that microfinance does improve the economic and social well-being of the poorest population by increasing income whilst reducing vulnerability (ibid). A study in Nigeria found that the productivity of farmers increased through microfinance and many of the obstacles that were faced by SMEs were caused by inefficient financial support infrastructures, unfavourable government policies and high interest rates (ibid). Having the necessary and sufficient mechanisms in place to support SMEs, while acknowledging time consuming, costly and complex, are contingent to the efficient process and establishment of such business. The long-term benefits that are reaped from investing in solutions and strategies to facilitate entrepreneurial activity outweigh the short-term costs of doing so.

While Sudan does indeed face many significant challenges such as climate change, political instability, desertification and poverty, there is opportunity for growth, particularly from the untapped potential of small business entrepreneurs which through numerous studies have shown, boosts the economy. The benefits gained from SMEs, entrepreneurs and closing the poverty gap in rural areas are important to the generation of positive economic growth and sustainability.

The result was similar for factors deals with administrative procedures costs related to microfinance procedures, it showed that LOANCON (β = - 0.209; $p<0.1$) negatively and significantly influenced Microcredit Loan Access FUN. The finding supported that the follow-up of the Bank for projects, the existence of insurance and payment method for the installments accepted by the bank discourage the financing of small projects. To a certain extent, the majority of respondents felt that microfinance Banks policies are a handicap to promote investment and combat poverty. The results contradict the finding of (Yunus, 1999), in fact monitoring small loans lead banks generate high transaction costs that results in formal financial systems which makes loans difficult for farmers to obtain credit as (Ledgerwood, Earne, & Nelson, 2013). In developing economy, microfinance formal regulation and policies place great burdens on establishing entrepreneurs and by leaving governmental registers, informal entrepreneurs avoid such burdens (de Soto, 2002). We can conclude that hard governing regulations limit the ease of doing business and an entrepreneur's ability to start up a business.

CONCLUSION

Given these points, it is clear that social, administrative and financial aspects of microcredit play a crucial role in financing projects among the agriculture entrepreneurs. the regression model revealed that procedures and financial cost were significant. However, the social concordance factors were not influential. This study showed that the existence of procedures my generates rigidity which represent a major handicap for obtaining finance more than

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transaction costs which appear in this research not discourageable. It is also important to integrate social dimension in microcredit banks as reported in the research of (Adlah et al., 2008), where in the same context, agriculture entrepreneurs in rural areas prefer to get the finance individually and execute projects collectively.

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