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Exploring Loan Conditions and Timely Loan Repayment among Women Entrepreneurs in Ilala Municipality, Tanzania

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Abstract

This study examined how loan conditions influence timely repayment among women entrepreneurs benefiting from the 4% local government loan scheme in Ilala Municipality, Tanzania. Despite government efforts to promote women's economic empowerment through interest-free loans, timely repayment remains a challenge. A qualitative approach was used to explore the experiences and perceptions of women entrepreneurs. Data were collected through in-depth interviews with women entrepreneurs and Community Development Officers from Kariakoo, Buguruni, and Tabata wards and analysed thematically. The findings reveal that interest-free loans, flexible repayment periods, and group-based lending determine timely repayment. The absence of interest reduces financial pressure, while the one-year repayment period alignes with business production and marketing cycles. However, small loan sizes limits business growth and cash flow, reducing borrowers' repayment capacity. Group lending promotes accountability through peer monitoring and social pressure, although weak leadership and poor group management undermines its effectiveness. The study concludes that appropriate loan conditions are essential for timely repayment. It recommends reviewing loan sizes to reflect business needs, training group leaders in financial management, record-keeping, loan monitoring, and conflict resolution, and strengthening loan monitoring through public-private partnerships with financial institutions.

Keywords: *Women Entrepreneurs, Loan Conditions, Group Lending, Loan Repayment, Financial Inclusion.*

1.0 Introduction

The United Nations Millennium Development Goals of 2000 and the Beijing Platform of 1995 encouraged women to pursue entrepreneurial endeavours (UN, 2014). Women have always been viewed as an unstable group with lower levels of education, talent, and professionalism. Increasing women's involvement in economic growth and eradicating poverty were the goals of involving them in entrepreneurial endeavours (Bosman et al., 2020). In Tanzania, credit services began in the mid-1990s, when the Bank of Tanzania liberalised the financial sector, which led to the passage of the Banking and Financial Institutions Act in 1991 (BoT, 2011). Financial organisations such as banks, SACCOS, and VICOBA have managed loans for many years, but many borrowers, including women entrepreneurs, could not afford the terms and conditions. High interest rates, a short loan repayment period, and the requirement to submit collateral were all part of the terms and conditions. These terms restricted women entrepreneurs' ability to obtain loans and to manage debt repayment to financial institutions. Therefore, to finance their businesses, women entrepreneurs relied on unofficial sources of credit, such as personal savings, loans from friends and family, and other informal sources. However, due to complex credit requirements, many women entrepreneurs who apply for loans from private financial institutions.

In 2014, the Tanzanian government decided to start lending money to special groups, such as women entrepreneurs, to improve the situation. The Local Government Finance Act of 2019 mandated that the Local Government Authority lend 10% of its income to underprivileged groups, with 4% going to women entrepreneurs. The implementation of credit management in Tanzania has been considered a management function that can enhance financial services for women entrepreneurs. Even after Tanzania's government launched an accessible credit service, women entrepreneurs still struggle to

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repay their loans and run their businesses profitably (Bosman et al., 2020). The public, loan recipients, and community development officers have all voiced more objections since the start of loan distribution in 2014. Poor loan repayment prompted complaints, fuelling negative public opinion and increasing public scepticism about repayment (Saua, 2022). The study focused on Ilala Municipal Council, and respondents were selected from the Kariakoo, Buguruni, and Tabata wards of the Ilala district. These wards were chosen because most women entrepreneurs operate their businesses in the Kariakoo, Buguruni, and Tabata markets, which facilitates access to data.

The 2007–2008 global financial crisis highlighted the importance of loan terms in determining repayment outcomes. Weaknesses in loan structuring can significantly raise the likelihood of loan default, as the crisis showed. The collapse of large financial institutions and widespread defaults in the US subprime mortgage market were caused by poorly structured lending conditions. It is crucial to match loan terms to borrowers' financial circumstances and ability to repay (Keys et al., 2010). To ensure timely repayment and long-term sustainability, government-backed loan programs for women entrepreneurs in developing nations like Tanzania require careful consideration of loan terms, including repayment periods, group lending arrangements, and loan sizes. Therefore, it is crucial to understand borrowers' experiences with these situations to improve the performance of loan programme and prevent ongoing repayment issues at the local government level.

To facilitate timely repayment, it is important to align loan terms with borrowers’ risk profiles and maintain efficient monitoring systems. The Bank of Canada’s 2020 guidelines emphasise that maintaining the quality of loan portfolios requires careful credit management, particularly the establishment of suitable repayment terms. Although they come from established financial systems, these findings provide valuable information for government-backed credit programs in underdeveloped nations (Allen, 2012). Understanding how borrowers interact with and manage loan terms is essential for enhancing payback results and guaranteeing the long-term viability of Tanzania’s women-focused loan programs at the local government level.

Inadequate credit risk management is a significant problem in China, where the banking sector has rapidly grown. Poor borrower evaluation and political influence in lending decisions led to higher non-performing loan levels, particularly in state-owned banks (Chen, 2014). Poor credit conditions and monitoring are major factors in loan defaults and repayment delays, according to recent research (Zhang, 2020). Most banks in Japan set lower rates, with ongoing follow-up procedures and well-structured loan terms. Japanese experiences also highlight how crucial suitable loan terms and efficient follow-up are to maintaining repayment success. Poorly managed lending practices, such as continuing to lend to non-viable borrowers, reduced repayment discipline, and prolonged financial misery. The repayment difficulties are likely to continue when loan terms and monitoring systems are insensitive to borrowers' real capacity.

More recent data indicates that Japanese financial institutions that prioritise proactive risk management and transparent credit evaluation have more consistent repayment outcomes (Nakamura, 2013). These insights are relevant for government-backed credit programs in developing nations, notwithstanding their focus on sophisticated banking institutions. To better understand timely loan repayment and enhance the sustainability of municipal credit schemes, it is imperative to investigate how women entrepreneurs in Ilala Municipality experience loan conditions and follow-up procedures.

When loan conditions don't align with income cycles, group dynamics, or financial management capabilities, these flaws can lead to repayment challenges in government-sponsored loan programs for female entrepreneurs. The average non-performing loan (NPL) percentages in several African countries exceeded 20%, according to the report, highlighting the systemic risk associated with poor credit management. Fourteen African countries are experiencing non-performing loan (NPL) levels due to poor credit management practices, especially in public and microfinance institutions (Makri, 2014). In East Africa, the issue remains rather severe. In Kenyan commercial banks, the primary reasons for higher default rates and delayed repayments were poor credit conditions and lax internal credit standards. Kenya's institutions with more robust credit appraisal procedures had much lower NPL ratios, underscoring the importance of credit management in achieving timely payback (Nduta, 2017).

Credit policy on loan portfolio performance at Ugandan microfinance firms has inadequate follow-up and insufficient borrower engagement, leading to over 30% of institutions reporting routine late repayments. Uganda's microfinance sector employs ineffective credit monitoring and recovery strategies, a significant factor in loan defaults (Tumwine, 2015).

Empirical evidence from Tanzania support these spatial trends. As Mgaya and Olomi's (2019) study, which assessed credit management practices in Tanzania's microfinance businesses, demonstrated poor loan screening and inconsistent loan conditions were the main reasons why over 40% of the institutions had significant default rates. The study found that loan officers often lacked adequate training in credit appraisal, resulting in loans issued to borrowers unable to repay. Additionally, lending conditions, inadequate borrower evaluation, inadequate loan follow-up systems, and delayed execution of recovery processes significantly contribute to loan repayment delays, according to a study by Lwakatare (2021) on Tanzanian commercial banks.

1.1 Women Entrepreneurs' Access to Finance and Loan Repayment in Tanzania

Before 2014, women entrepreneurs in Tanzania primarily accessed finance through commercial banks, microfinance institutions, Savings and Credit Cooperative Societies (SACCOS), and Village Community Banks (VICOBA). Despite these institutions, many women entrepreneurs faced substantial barriers to accessing credit due to stringent collateral requirements, high interest rates, limited financial literacy, and complex loan application procedures (Mori, 2014). According to the World Bank (2023), women-owned enterprises in Sub-Saharan Africa are about 20% less likely than male-owned enterprises to obtain formal credit, significantly limiting their ability to expand operations and improve household welfare. Small and medium enterprises (SMEs), including women-owned enterprises, play a critical role in Tanzania's economy.

The International Labour Organisation (ILO, 2023) estimates that SMEs account for over 80% of employment opportunities in developing countries. In Tanzania, the SME sector contributes approximately 35% of the national Gross Domestic Product (GDP) and generates more than 40% of total employment opportunities (United Republic of Tanzania, 2021). Furthermore, the National Bureau of Statistics (2022) reported that more than 3 million micro and small enterprises operate in Tanzania, with women owning nearly 43% of these enterprises. Despite their economic significance, many women entrepreneurs still face difficulties accessing affordable and sustainable financing. In response, the Government of Tanzania introduced a special group loan program requiring Local Government Authorities (LGAs) to allocate 10% of their internally generated revenue to women, youth, and persons with disabilities. Under this arrangement, women entrepreneurs receive 4% of the allocated funds to support business development and income generation (United Republic of Tanzania, 2019). Between 2018 and 2022, local governments disbursed more than TZS 420 billion to special groups across the country, with women entrepreneurs receiving a substantial share of the funds (PO-RALG, 2023).

Despite these efforts, loan repayment performance remains a major concern. According to the Controller and Auditor General (CAG, 2022), outstanding loan balances among special group beneficiaries exceeded TZS 67.8 billion, posing a significant threat to the sustainability of the revolving fund mechanism. The report also found that several councils recorded loan recovery rates below 60%, and some local authorities recovered less than 50% of disbursed loans. These low recovery rates have constrained councils' ability to extend loans to new beneficiaries and raised concerns about the program's long-term viability. In the Dar es Salaam Region, where the Ilala Municipal Council is located, demand for entrepreneurial financing continues to rise due to rapid urbanisation and business growth.

As the National Bureau of Statistics (2022) illustrates, Dar es Salaam accounts for approximately 17% of Tanzania's total business establishments, making it one of the country's most important commercial hubs. However, municipal reports indicate persistent challenges, including loan delinquency, delayed repayment, inadequate **monitoring** mechanisms, and weak credit management practices among beneficiaries of special group loans (PO-RALG, 2023). These challenges have fuelled growing public concern about the effectiveness and sustainability of the women entrepreneurs' loan scheme.

Previous studies have established that loan repayment performance is influenced by several factors, including loan size, repayment periods, borrower appraisal procedures, monitoring systems, and credit terms and conditions (Romaric, 2018). Studies by Beck et al. (2005) and Tundui (2012) further demonstrate that inappropriate loan conditions can increase the risk of default and reduce business performance among small enterprises. Nevertheless, most existing studies have focused on commercial banks, microfinance institutions, and SACCOs, with limited attention to local government financing programs targeting women entrepreneurs.

Although the Government of Tanzania has invested substantial resources in promoting women's entrepreneurship through the special group loan programme, evidence regarding how specific loan conditions affect timely loan repayment among women entrepreneurs remains limited.

In particular, little empirical attention has been given to understanding how factors such as loan size, repayment period, interest arrangements, and group lending mechanisms influence repayment behaviour among women entrepreneurs receiving the 4% loan allocation in Ilala Municipal Council. This knowledge gap justifies the need for the present study, which seeks to examine how loan conditions affect the timely repayment of loans among women entrepreneurs in Ilala Municipal Council.

2.0 Literature review

2.1 Theoretical Review

2.1.1 Loan Conditions and Timely Loan Repayment among Women Entrepreneurs

The factors affecting loan repayment in Tanzania’s microfinance institutions were examined by Maangaza (2019). The report indicates that excessive interest rates are one of the primary causes of credit default. The study was limited to microfinance firms and did not assess broader credit management practices in public institutions, such as loan monitoring, appraisal, and recovery strategies. Kengia (2015), who focused on loan repayment among SACCOS members in Chamihado, Tanzania, found that low business income was one of the primary reasons for non-repayment, according to the poll. The methods used were regression analysis and descriptive statistics. However, the study focused on a single SACCOS, and neither institutional credit management nor government-sector loans were examined. Moreover, Abuto (2017) found that poor credit management practices, particularly poor repayment plans, were the root cause of loan defaults in a study of Kenyan microfinance institutions. Additionally, he emphasised that collective financing may increase repayment rates. However, the analysis neglected government-run credit programs and public-sector lending laws, focusing instead on the private sector. Muthii Kiai (2020) examined credit management practices in banks, SACCOS, and microfinance groups, with a fresh focus on private financial institutions. Since none of this research looked at credit management in government agencies, there is a clear institutional vacuum. Much of this research used quantitative techniques, such as descriptive statistics and regression analysis.

Although they provided valuable information on borrower-side variables and private-sector credit practices, they failed to consider the significance of institutional credit-management circumstances, particularly within public-sector lending frameworks, such as those governed by Local Government Authorities (LGAs). Studies have focused more on borrower profiling and systemic credit risk in middle nations such as China, Brazil, and India. Chen and Wu (2014) investigated credit risk in Chinese banks and found that ineffective borrower evaluation contributed to the increase in non-performing loans. The study concentrated on large-scale commercial lending and employed panel data regression models to examine loan behaviour. Nakamura and Takahashi (2013) investigated how institutional credit policies affected loan repayment in Brazil and underlined the value of risk-based loan appraisal in lowering default rates. The study, however, did not analyse government-run lending programs or rural credit schemes because it focused on commercial banks.

These studies, which concentrated on macro-level credit concerns, frequently employed longitudinal data and econometric modelling. However, they did not offer context-specific insights into regional credit management strategies in the public sector, particularly at the local level, such as municipalities. In their analysis of mortgage lending in the United States, Keys et al. (2010) found that inadequate borrower screening contributed to loan defaults. They used econometric regression on data from securitised loans in their research.

Allen and Powell (2012) found a strong link between loan conditions and lower default rates in

Canada through statistical analysis and comparative case studies. However, these studies typically focus on complex financial instruments and regulated credit systems, which differ greatly from the informal and semi-formal lending practices that are common in Sub-Saharan Africa. This research does not apply to government-backed and low-income lending institutions, where informal credit dynamics are common, and data quality is poor, despite their rigorous approaches. The reviewed literature identifies many significant gaps. Institutional Gap: Most studies focus on private-sector financial institutions.

The literature has paid little attention to credit management techniques in government-run financial programs, particularly those managed by Local Government Authorities (LGAs) such as the Ilala Municipal Council. Contextual Gap: Developed or middle-income countries with robust financial systems are often the focus of current empirical studies. They do not address the realities of lending conditions in the public sector in resource-constrained developing countries. The reviewed literature is significant despite its gaps because it provides a basis for variables such as interest rates and credit terms, which are known to affect loan repayment. Shows that inadequate implementation of credit management procedures can result in significant default rates.

Draws attention to the significance of borrower-lender relationships, bolstering the theoretical implementation of information asymmetry theory. This study is not a repetition of previous studies. Instead, it addresses critical gal stage rather organisation (Ilala Municipal Council), which has not been covered in the literature so far. Adopting a contextualised methodology appropriate for Tanzania's public financial environment and providing policy-relevant insights to help local governments improve loan recovery and, as a result, lower default rates, this study contributes to local policy and the worldwide understanding of credit management in government financing, thereby filling a unique gap in the academic and practical literature.

2.2 Empirical Theory

2.2.1 Information Asymmetry Theory

The study was guided by Information Asymmetry Theory developed by Akerlof (1970). The theory argues that lenders and borrowers often possess different levels of information regarding the borrower's financial condition, repayment ability, and business performance. Information asymmetry may result in poor lending decisions and increased risk of loan default. The theory is relevant to this study because timely loan repayment depends on effective information sharing between women entrepreneurs and loan administrators. Adequate information enables proper borrower assessment, loan monitoring, and risk management, thereby improving repayment outcomes.

2.2.2 Social Capital Theory

The study was further supported by Social Capital Theory, which emphasises the role of trust, social networks, cooperation, and collective responsibility in shaping economic behaviour. Group-based lending arrangements rely heavily on social capital through peer monitoring, mutual trust, and collective accountability. The theory helps explain why group lending can improve repayment performance among women entrepreneurs. Strong social relationships within groups encourage members to fulfil their obligations and reduce the likelihood of default.

3.0 Research Methodology

The study used a qualitative research design to examine how loan conditions affect timely repayment among women entrepreneurs participating in the 4% local government loan scheme. The design allowed the researcher to obtain detailed accounts of the participants’ experiences, views and repayment challenges (Creswell & Creswell, 2018).

The study was conducted in Ilala Municipal Council, Dar es Salaam. Ilala was selected because it implements the 4% loan scheme and has faced challenges with loan repayment. Kariakoo, Buguruni and Tabata wards were selected because they have many women engaged in different business activities.

The target population comprised 200 people: 68 women entrepreneurs from Kariakoo, 68 from Tabata, 61 from Buguruni and three Community Development Officers responsible for managing the scheme. Purposive sampling was used to select 20 women entrepreneurs and all three Community

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Development Officers, giving a total sample of 23 participants. The participants were selected because they had direct experience with the loan scheme and could provide information relevant to the study (Creswell & Creswell, 2018).

Data were collected through in-depth interviews and documentary review. Interviews provided information about participants' experiences with loan conditions and repayment, while relevant documents provided additional information on the management of the scheme. The interview data were analysed thematically by identifying common issues and organising them into themes.

4.0 Results and Discussion

4.1 Findings

4.1.1 Interest Rate

There is no interest rate on loan repayment, according to the research. Women entrepreneurs must repay the full amount borrowed, interest-free. On the other hand, interest-free loans are an incentive that helps borrowers meet their loan repayment obligations. Reduced interest rates affect loan repayment and lower the probability of credit default (Maangaza, 2019). As one participant noted: *"I decided to apply for a loan from the local government authority because it does not demand an interest rate. I enjoy doing business because there is no burden of paying back the loan with interest."* This statement suggests that loans are inexpensive since they don't have interest rates, which could affect loan repayment. Lower interest rates affect loan repayment and reduce the risk of credit default. Interest rates affect loan repayment; lower rates encourage repayment. An incentive that helps borrowers meet their loan payback obligations is an interest-free loan. Lower interest rates affect loan repayment and reduce the risk of credit default.

4.1.2 Repayment Period

The results show that government-backed loans for women entrepreneurs in Ilala Municipal Council typically had repayment terms of at least 1 year. A one-year repayment period would be appropriate to align with business production and marketing cycles, allowing entrepreneurs to earn enough to meet loan commitments.

A longer payback period, according to several respondents, provided flexibility to manage business operations more efficiently and reduced the temptation to return right away. One participant explained: *"The loan repayment period of one year gave me enough time to produce and sell my products. By the time repayment was due, I had earned enough to pay without stress."*

4.1.3 Loan Size

The findings show that the loan size provided to women entrepreneurs ranges from 1,000,000/=Tsh to 5,000,000/=Tsh. This means the majority of women entrepreneurs are receiving microloans. According to Access Bank (2022), loan sizes ranging from 500,000/= Tsh to 35,000,000/= Tshs constitute microloans. In-depth interviews with community development officers reveal that *"loan size is determined by the amount of revenue earned in each fiscal year. From the revenue, 10% is allocated to three special groups, whereby women entrepreneurs receive 4% of the loan."*

Table 1. Loan Size

S/N	Group name	Amount (TZS)
1	Tunaweza bondeni	3,000,000/=
2	Hapa kazi vikoba	5,000,000/=
3	Uwasotam	5,000,000/=
4	Ushindi mama	3,000,000/=
5	Twikinde group	5,500,000/=
6	Twilumba A	4,000,000/=
7	Wanawake tunaweza	1,750,000/=
8	Badilika group	4,000,000/=
9	Moyo safi	2,500,000/=

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S/N	Group name	Amount (TZS)
10	Nguvu yetu	2,100,000/=
11	Mandela group	4,550,000/=
12	Uhuru group	3,150,000/=
13	Twende pamoja	4,000,000/=
15	Tusajigwe	3,500,000/=

Data source: Field Data (2025)

A smaller loan size leads to cash flow problems; the probability of loan repayment increases with loan size. Therefore, the problem of loan repayment is also determined by the small loan size. The findings show that the majority of groups receive a small amount of money, which does not affect loan repayment.

4.1.4 Group-based Lending

The results further indicate that women entrepreneurs accessed loans through group-based arrangements, with groups typically consisting of 5 to 10 members. Interviews with Community Development Officers confirmed that the loans provided under the municipal program are strictly group loans. A community development officer from Ilala explained: "*The type of loan provided to women entrepreneurs is a group loan. The groups must be formally registered and must consist of between five and ten members.*"

Table 2. Group Size

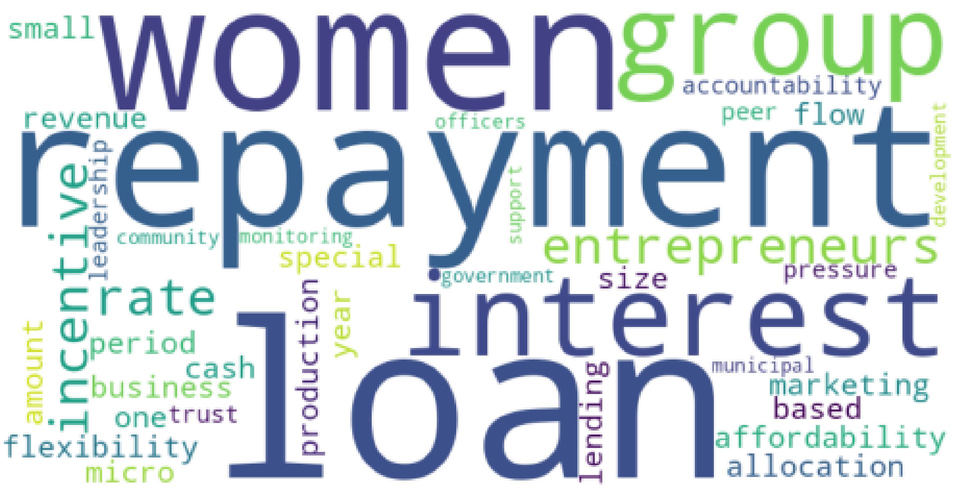
S/N	Group |name	Group size/members
1	Tunaweza bondeni	20
2	Hapa kazi vikoba	10
3	Uwasotam	10
4	Ushindi mama	25
5	Twikinde group	9
6	Twilumba A	10
7	Wanawake tunaweza	5
8	Badilika group	10
9	Moyo safi	5
10	Nguvu yetu	10
11	Mandela group	5
12	Uhuru group	16
13	Twende pamoja	6
15	Tusajigwe	10

Source: Field Data (2025)

The group lending structure was perceived to enhance accountability, as members felt a shared responsibility for repayment. In this regard, several respondents noted that peer pressure within the group encouraged members to meet repayment obligation to maintain trust and avoid burdening fellow members. Group-based lending arrangements are more effective in promoting loan repayment due to peer monitoring, mutual trust, and social pressure among group members. However, the present study further reveals that the effectiveness of group lending largely depends on the group's leadership and internal management. Group leaders were reported to play a critical role in understanding individual members' business activities, monitoring loan utilisation, and addressing early signs of repayment difficulties. Weak leadership and poor monitoring within groups were perceived to increase the risk of poor loan performance.

Exhibit 1: Word cloud on Loan Conditions and Timely Loan Repayment among Women

Entrepreneurs in Ilala Municipality



Source: NVIVO 12

4.1.5 Word Cloud Interpretation

The word cloud illustrates the most prevalent topics that emerged from the qualitative research on loan terms and prompt loan repayment among women entrepreneurs in Ilala Municipality. The prevalence of the terms “loan,” “repayment,” and “women” suggests that women’s experiences with loan repayment responsibilities are a major focus of the conversation. The prevalence of “interest” and “incentive” underscores the importance of interest-free loans in driving on-time repayment. Participants consistently viewed the absence of interest rates as reducing financial strain and improving affordability, thereby enhancing their capacity to fulfil repayment commitments.

The significance of group-based lending arrangements is emphasised by the phrases “group,” “accountability,” “peer pressure,” and “trust.” These statements imply that social mechanisms such as collective accountability, peer supervision, and mutual responsibility are essential to promoting timely loan repayment. Also, the existence of “leadership” and “monitoring,” however, also suggests that successful group leadership and internal management are critical to the success of group lending programmes. Terms like “repayment period,” “flexibility,” “production,” and “marketing” emphasise the importance of a suitable repayment period. Repayment stress was thought to be lessened by a one-year repayment period, which was thought to provide enough time for business operations, revenue growth, and cash flow management. Concerns about the sufficiency of loan amounts are also shown in the development of “loan size,” “micro,” “small,” and “allocation.” Although microloans aid in the establishment and continuation of businesses, the results indicate that modest loan amounts may hinder business expansion and adversely affect repayment capacity due to restricted cash flow.

Overall, the word cloud reinforces that interest-free loans, flexible repayment periods, appropriate loan sizes, and effective group-based lending structures are central factors influencing timely loan repayment among women entrepreneurs in Ilala Municipality. The word “cloud” confirms that key elements impacting timely loan payback among female entrepreneurs in Ilala Municipal Council are interest-free loans, flexible repayment periods, suitable loan sizes, and efficient group-based lending structures.

4.2 Discussion

4.2.1 Interest Rate

This finding is consistent with Maangaza (2019), who found that reduced interest rates have a favourable impact on loan repayment and lower the chance of credit default. In a similar vein, Sangwan (2022) highlights that Interest rates directly affect loan repayment performance, noting that lower or zero interest rates motivate borrowers to fulfil their repayment commitments more successfully.

Qualitative evidence from the study further supports this argument. One female participant from Tabata (aged 30) explained: *"I decided to apply for a loan from the local government authority because it does not demand any interest. I enjoy doing business because there is no burden of paying back the loan with interest."* This statement highlights how interest-free loans create a supportive financial environment, allowing borrowers to focus on business growth rather than on managing additional repayment costs.

4.2.2 Repayment Period

These results are consistent with Ebrahim's (2017) observation that loans with a one-year payback period typically perform better because they give borrowers enough time to stabilise their enterprises and generate the income required for timely repayment. In this study, qualitative observations indicate that women entrepreneurs are better able to balance household duties and business expenses when repayment terms align with the practical realities of small-scale firms.

Participants emphasised that realistic and flexible repayment plans ease pressure and reduce the risk of default by accounting for income-generation cycles that may be erratic or seasonal. Borrowers may find it difficult to combine loan servicing with business reinvestment when the repayment term is too short, which can adversely affect repayment performance. On the other hand, a well-planned payback period promotes long-term company growth and improves financial planning.

4.2.3 Loan Size

The study's qualitative insights indicate that when loan amounts are too small, borrowers are frequently forced to divert funds to immediate operational or household needs, leaving limited capital for productive investment. This finding is consistent with Kiros (2022), who contends that inadequate loan amounts weaken borrowers' repayment capacity because the funds provided may be insufficient to support business expansion or stabilise cash flow. Participants observed that inadequate loan amounts reduce their businesses' potential profitability and make it challenging to build up excess revenue to service loans. Small loan amounts may therefore compromise the goal of financial empowerment and make borrowers more susceptible to default or late repayment.

4.2.4 Group-based Lending

These results are consistent with Kasoga's (2022) observation that higher default rates in group-based lending schemes stem from inadequate monitoring and weak group leadership. Qualitative insights from this study show that when group leaders did not supervise members' business operations or enforce repayment regulations, group cohesion deteriorates, increasing credit risk and delaying repayments. Strong leadership in lending groups, according to participants, fosters peer accountability, discipline, and transparency, all of which are critical for guaranteeing prompt loan repayment. On the other hand, poor leadership creates opportunities for financial mismanagement, free-riding, and disputes among group members, all of which adversely affect repayment performance.

5.0 Conclusion and Recommendations

5.1 Conclusions

Overall, this study's examination of how loan conditions affect women entrepreneurs' prompt repayment of loans in Tanzania's Ilala Municipal Council, found that in the operational realities of women-owned businesses, repayment behaviour is influenced by a combination of key loan conditions, including interest rate, repayment period, loan amount, and group-based lending arrangements. The absence of interest rates served as a strong incentive for loan uptake and repayment, reducing the financial burden on borrowers and improving loan affordability. Participants consistently viewed interest-free loans as supportive of business sustainability and repayment commitment. Similarly, a repayment period of one year or more aligned well with production and marketing cycles, giving women entrepreneurs sufficient time to generate revenue before repayment obligations fell due. This temporal flexibility reduced repayment pressure and supported timely repayment. However, the findings also reveal important constraints. The predominance of small loan sizes limited business expansion and cash-flow generation, which in turn constrained repayment capacity for some groups. While group-based lending arrangements enhanced accountability through peer pressure, trust, and mutual monitoring, their effectiveness depended heavily on the quality of group leadership and internal management. Weak leadership and inadequate monitoring within groups increased the risk of poor loan performance. Implicitly, well-designed and context-sensitive loan conditions are central to improving timely loan repayment among women entrepreneurs. For government-supported credit schemes to be sustainable, policymakers and municipal authorities should maintain interest-free or low-interest structures, align repayment periods with business cycles, review loan sizes to match enterprise needs, and strengthen group leadership and monitoring mechanisms. Incorporating women entrepreneurs' lived experiences into loan program design is essential for enhancing repayment performance and achieving long-term economic empowerment outcomes.

5.2 Recommendations

Based on the findings of this study, several recommendations are proposed to enhance timely loan repayment among women entrepreneurs in Ilala Municipal Council. First, to enhance loan performance, group leaders should receive training in financial management, record-keeping, loan monitoring, and conflict resolution. In relation, Community Development Officers should improve monitoring and follow-up procedures. Frequent interaction with borrowing groups can reduce default risk by identifying early indicators of repayment issues and providing prompt assistance. Second, partnership between the government and the private sector under a public-private contract is vital, since public-private partnerships typically help strengthen the achievement of government projects. The approach has a constructive impact because the private sector, such as banks and microfinance institutions, can implement all the necessary principles of credit management. Third, the government should raise the amount of loans by considering business needs and capacity to repay, rather than applying uniform lending limits. Assessment of business growth and performance should be conducted continuously to maintain a clear credit history and provide accurate loans for productive investments.

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