

Micro finance bodies in Kenya offer small loans among the rural poor small scale entrepreneurs, which are pegged to savings over a given period of time, collateral substitutes in form of group co-guarantees and compulsory savings, access to repeat and larger loans based on repayment performance and monitoring of their growth tendencies. However, the few requirements such as collateral's, which are replaced by self co-guaranteeing groups using character-based approaches, tendencies such as repayment indiscipline, fewer repeat loans and higher defaults among the recipients have been noted. This has resulted to most of these groups, which are of high entrepreneurial potential to either break-up, be stagnant, die and even having their assets auctioned in the event of loan recovery, thus affecting the growth of the rural small enterprises.

The purpose of this study was to analyze the of joint liability micro-lending approach in mitigating growth of rural micro enterprises in Nyahururu division. The objectives of the study were (a) To analyze the factors determining the formation of joint liability micro lending groups (b) To assess the institutional framework of these groups mitigating the growth of rural micro enterprises (c) To identify the challenges facing these groups and MFI's in terms of loan accessibility and repayment (d) To determine the role of MFI's in the management of joint liability micro lending groups (e) To establish and document successful interventions implemented by some joint liability micro lending groups in Kenya that other enterprises could adopt.

The data was collected using structured and unstructured questionnaires, which were administered by the researcher so as to elicit a higher feedback rate. A stratified random sampling of the groups was sampled out so as to select the small-scale entrepreneurs who were interviewed using one questionnaire. Another questionnaire was administered to the loan officers in Faulu-Kenya micro finance institution based in Nyahururu division. The data collected was analyzed using the Ms Excel both for qualitative and quantitative data.

The major findings of the study are that if the joint liability groups are guided by the MFIs right from their formation, then problems of loan delinquency after joint access to micro credit through group co guaranteeing approach would be reduced. Joint liability groups when effectively managed can lead to the enhancement of self reliance and poverty eradication among the majority rural population. The need for training both for the group members, leaders and loan officers themselves to create awareness on ways of effective joint liability micro lending group cannot be overemphasized hence need for devising and developing training materials for the rural micro entrepreneurs and availing them in a language they can understand.