

The last decade has seen the rapid growth of micro and small enterprises in Kenya. With this growth there has developed a need for legislation and institutions to support these enterprises. Institutions that provide finances and training have been established by Non- governmental organizations as well as collaborations between entrepreneurs themselves. Among these institutions, an industry has developed: The micro finance industry. This industry is expanding at a rapid rate. Kenya saw the inauguration of the first micro finance bank in the year 2000 - The K-Rep Bank. The purpose of this study is to assess the role of micro finance institutions in the growth of micro and small enterprises. The geographical area of study is the Nairobi region as most of the micro and small enterprises are located in this region (K-Rep 1999). The findings of this study revealed that micro and small enterprises that received any kind of assistance from micro-finance institutions had a higher annual growth rate than the average growth rate of the businesses interviewed. The study indicates that micro finance institutions have the potential capability to reach the poor and low income earners. The findings also reveal that besides financial assistance, the MSEs receive a variety of other services from micro finance institutions such managerial and technical assistance including marketing skills.