



Legal Alert

June 2026

Salient Features of the Public Benefits Organizations Regulations, 2026

Introduction

On 18 March 2026, the Cabinet Secretary for Interior and National Administration published the Public Benefits Organizations Regulations, 2026 (Legal Notice No. 43 of 2026) (the “Regulations”) in the Kenya Gazette Supplement No. 67. The Regulations operationalize the Public Benefits Organizations Act, 2013 (No. 18 of 2013) (the “Act”) by providing a detailed framework governing the registration, regulation, suspension, and deregistration of public benefit organizations in addition to the Act.

This legal alert highlights the key features introduced by the Regulations that public benefits organizations (“PBOs”) should be aware of.

1. Formalization of pre-registration procedures

The Regulations provide that a name search and reservation must be conducted before registration, including submission of at least two proposed names, payment of the prescribed fee of KES 1,000, and approval of the name by the Public Benefits Organizations Authority (the “Authority”). The name reservation is valid for sixty (60) days and may be extended at the discretion of the Authority.

PBOs must take note of these prerequisites which make the PBO registration process more structured and predictable.

2. The public benefit test

The Act defines a “public benefit activity” as one that supports or promotes public benefit through enhancing or promoting economic, environmental, social or cultural development, protecting the environment, or lobbying or advocating on issues of general public interest or for the well-being of the general public or a category of persons or organizations. The Act also lists the thematic areas in which a PBO may operate, including legal aid, agriculture, children, culture, disability, energy, education, environment and conservation, gender, governance, poverty eradication, health, housing and settlement, human rights, HIV/AIDS, information, the informal sector, old age, peace building, population and reproductive health, refugees, disaster prevention and mitigation, relief, pastoralism and marginalized communities, sports, water and sanitation, animal welfare and youth.

The Act provides that no organization may “purport to be” a PBO unless it is registered or has been bestowed with PBO status. The Regulations go further to provide that no group of persons may “operate as” a PBO unless it is duly registered under the Act and it undertakes a public benefit activity. Operating without registration therefore goes against the Regulations, regardless of an organization’s structure or intentions.

The Regulations build further on the public benefit test. The core elements provided in the Act are broken down into a criterion against which each activity of a PBO must be measured, namely that:

- a. the activity qualifies as a public benefit activity as defined in the Act;
- b. it falls within one of the thematic areas recognized under the Act;
- c. the beneficiaries of the activity are identifiable;
- d. the benefit is directly related to, and not merely incidental to, the public benefit purpose; and
- e. the activity does not confer a private benefit on the directors of the PBO, or on any immediate family member or close business associate of an office bearer.

The Regulations also make explicit that where a PBO undertakes more than one purpose or activity, this assessment must be carried out on an activity-by-activity basis, so that one qualifying activity cannot be used to justify the absence of public benefit in another.

3. Registration of PBOs

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The Act does, however, carve out specific categories from the definition of a PBO. Religious organizations primarily devoted to religious teaching or worship are expressly excluded, as are trade unions, political parties, societies under the Societies Act, co-operative and Sacco societies, micro-finance institutions, and community-based organizations serving the direct benefit of their members.

The shift from “purporting to be” to “operating as” is significant: it potentially captures any entity engaged in public benefit activities, not just those holding themselves out as PBOs. This means that corporate foundations, charitable trusts, and other entities not previously within the non-governmental organization (NGO) regulatory framework should assess whether this broader formulation now brings them within the registration requirement.

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Applications for registration of PBOs must be submitted to the Authority

in the prescribed Form 1 set out in the Second Schedule to the Regulations and accompanied by the applicable fee (KES 25,000 for local PBO registration, KES 20,000 for bestowment of PBO status, KES 45,000 for international PBO registration, and KES 75,000 for exemption from registration as an international PBO) and supporting documentation. This includes an organization’s constitution, proof of name reservation, a board resolution approving registration, governance details, and physical and postal addresses.

In terms of governance, at least one-third of directors must be Kenyan nationals that are resident in Kenya. It is worth noting that the Act imposes this requirement only on international organizations (i.e., organizations registered outside Kenya) that apply for registration as international PBOs and PBOs that seek bestowment of PBO status (see more details below).

The Regulations provide that the Authority must determine applications within sixty (60) days, and it may approve, reject with reasons, or issue certificates subject to regulatory conditions. In the event the Authority fails to determine applications within this period, the Act provides that the applying PBO may apply to the Public Benefit Organizations Disputes Tribunal for

an order requiring the Authority to issue to it a certificate of registration or communicate to the PBO that the registration has been denied, together with the reasons for the refusal.

4. Bestowment of PBO Status

The Act allows entities already incorporated under other Kenyan laws to be bestowed with PBO status in respect of their public benefit activities, without reincorporating as new PBOs. This route is relevant to foundations, non-profit companies limited by guarantee, trusts, and other entities registered under the Companies Act, Trustees (Perpetual Succession) Act, or similar legislation that are carrying out public benefit work. It should be distinguished from transition, which applies to existing NGOs registered under the repealed NGO Co-ordination Act.

The Regulations now prescribe the eligibility criteria and application process for bestowment. Applicants must:

- a) be in good standing with their registering body;
- b) have operated in or from Kenya for at least three years while undertaking a public benefit activity;
- c) have a governing body of at least three persons (one-third Kenyan nationals that are resident in Kenya); and
- d) include audited accounts for the preceding three years, governance details, and internal resolutions in the application.

The practical value of bestowment is access to the benefits under the Second Schedule to the Act, including tax exemptions, preferential VAT and customs treatment, eligibility for direct government financing for PBOs that partner with the government via budget subsidies, grants for specific purposes, and

contracts to perform certain work, and preferential treatment in public procurement procedures and bidding for contracts.

We should highlight that while bestowment status implies eligibility for tax-exempt status, it is important to note that tax exemptions, along with preferential VAT and customs treatment, are governed by specific tax legislation, such as the Income Tax Act, VAT Act, and East African Community Customs Management Act (EACCMA), and must be individually applied for and granted by the Kenya Revenue Authority (KRA). The tax-exempt status is not automatically granted by registering as a PBO. Furthermore, there are no blanket tax exemptions; accordingly, bestowment status must be aligned with the relevant tax statutes.

As regards eligibility for government financing and preferential treatment in public procurement as key incentives, these provisions are best understood as enabling rather than self-executing. In practice, access to public funding remains governed by existing public finance and procurement frameworks, including annual budget processes, grant schemes, and procurement laws, under which PBOs may participate as implementing partners or service providers. Accordingly, bestowment as a PBO does not, in itself, confer an automatic right to access government funding or procurement preference, but rather positions the PBO within a category that may be prioritized in designing and administering such opportunities. The practical impact of these incentives will therefore depend on how government agencies operationalize them through sector-specific legal frameworks.

The three-year experience requirement applies specifically to organizations seeking bestowment of PBO status and, as such, does not preclude entry into the PBO regime

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Entities already incorporated under other Kenyan laws (listed above) can now apply to be bestowed with PBO status in respect of their public benefit activities. This recognition is critical to existing legal entities that are already operating for public benefit, as it removes the need for them to reincorporate as new PBOs and enables them to acquire PBO status in respect of their public benefit activities, rather than their legal form.

altogether by new applicants.

Entities registered under other laws and that have been operating for less than three years are ineligible for bestowment but may still seek fresh registration as PBOs under the Act and Regulations (i.e., by submitting a new application to be registered as a PBO). We note that the framework creates a practical challenge for such entities. This is because they are unable to meet the three-year threshold for bestowment of PBO status, yet they are simultaneously subject to the requirement that no organization should operate as a PBO without registration as a PBO. Affected entities may need to consider seeking guidance from the Authority on the most appropriate compliance pathway during this transitional phase.

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Eligibility for bestowment of PBO status is limited to entities that are in good regulatory standing, have operated in or from Kenya for at least three years, and are undertaking activities falling within the public benefit categories set out in the Act. As part of the application, applicants

must submit audited accounts for the preceding three years, governance details meeting Kenyan citizenship and residency thresholds, and resolutions as evidence of internal approval.

5. Regulation of International PBOs

The Act requires that any organisation registered outside Kenya that intends to operate in Kenya to apply to the Authority for a certificate of registration. The Act and the Regulations distinguish between two categories of international PBOs:

a) organizations that intend to (i) directly implement activities or programmes in Kenya or (ii) operate from Kenya to implement any activities or programmes in another country, or (iii) raise any membership subscriptions in or from Kenya or engage in any other form of fundraising activities in or from Kenya, or (iv) engage directly with the beneficiaries in the implementation of their public benefit activities. These ones must apply for full registration as international PBOs; and

b) organizations that do not intend to directly implement any activities or programmes in Kenya or operate from Kenya to implement any activities or programmes in another country. These ones are exempt from registration but are instead granted a permit to operate in Kenya. These organizations must also ensure that they are not engaged in raising subscriptions or engaging in any other form of raising of funds in Kenya to retain their permit. In the event they carry out such activities,



they will be required to register as international PBOs.

The Act itself does not define what constitutes “direct implementation”.

However, the Regulations highlight that an international organisation is deemed to be directly implementing if it is actively involved in planning, management, delivery of activities, or use of staff and infrastructure in Kenya. In our view, this implies that organizations that have a physical and/or operational presence in Kenya are considered to be directly implementing programs in Kenya. An international organization that merely supports Kenyan projects from abroad without deploying its own staff or infrastructure in Kenya would likely not meet this threshold and could instead apply for a permit as indicated above.

The Regulations further provide that international organizations intending to register as international PBOs must be lawfully incorporated outside Kenya, be in good standing with their registering authority, and have operated for at least three years in their country of origin. Additionally, in their registration applications, international organizations must disclose their funding sources, governance structures, and physical addresses.

The Authority is empowered to issue certificates of registration to international organizations within sixty (60) days of receipt of their applications.

In relation to international organisations that do not directly implement activities in Kenya, and which require to be issued with a permit to operate as exempt international PBOs, the Regulations break down the indirect implementation of activities that they can undertake. These include

a) providing financial grants or assistance to other organizations to enable them to achieve their objectives in Kenya;

b) collaborating with local partners to achieve their objectives in or from Kenya;

c) providing policy guidance to implementing partners and service providers to ensure the effective delivery of their public benefit activities;

d) providing technical assistance to other organizations in Kenya to enable them to achieve their public benefit activities.

Even though exempt, these international organizations must still meet the incorporation requirements of their country of origin, be in good standing with their registering authority, and have operated in their country of origin for at least three (3) years before seeking registration in Kenya. As part of their application for exemption as an international PBO, these organizations are also required, in addition to other customary requirements, to appoint a Kenyan resident director. In our view, these requirements for international organizations seeking exemption demonstrate a push for stronger oversight by the Authority to enhance accountability and transparency, especially in light of money laundering and terrorism financing concerns that have affected such organizations.

6. Recognition of self-regulation forums and federations

The Act allows PBOs registered under the Act by the Authority to voluntarily join self-regulation forums and provides that such forums may enter into recognition agreements with the Authority. The Regulations provide more detail on this formal self-regulation architecture for the PBO sector, enabling registered organizations to organize themselves into recognized forums and federations to promote peer accountability, standards, and sector coordination.

The Regulations expressly permit PBOs to join and maintain membership in recognized self-regulation forums. While membership is voluntary, the



Regulations signal a policy shift towards structured peer oversight and collective adherence to sector standards.

A forum may be recognized by the Authority as a self-regulation forum if it comprises at least ten registered PBOs. The constituting members must either be engaged in related public benefit activities within the categories set out in the Act or operate within the same geographical area. Recognition is therefore contingent on both minimum membership thresholds and a demonstrable thematic or geographic nexus.

Forums seeking recognition must apply to the Authority in the prescribed form and pay the applicable fee. The application must be accompanied by extensive documentation, including constituting documents, proof of name reservation, governance details, certificates of registration of member PBOs, resolutions of the PBOs approving participation, and a code of conduct and standards governing forum members. The Authority is required to determine applications within sixty (60) days and may either issue a certificate of recognition or reject the application with written reasons.

The Regulations further provide for the formation of federations of forums, creating an additional coordination layer within the sector. A federation may be constituted by at least five recognized self-regulation forums, provided the forums operate within related public benefit categories or the same geographical region. This structure allows for sector wide or region wide coordination across multiple forums. Federations must also apply to the Authority for recognition, supported by constituting documents, proof of name reservation, resolutions of the constituent forums, governance particulars, certificates of recognition of the member forums, and a federation level code of conduct. As with

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PBOs must now treat post-registration changes as compliance events. Internal changes that were previously managed informally will now need regulatory notification.

7. Material changes must now be formally notified

The Act establishes a framework for governance and accountability, but it does not set out a detailed standalone procedure for notifying organizational changes. The Regulations provide formal notification of material changes, including changes to the constitution, governing body, directors' particulars, physical or postal address, banking arrangements, and authorized agent for international PBOs.

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8. Obligations, Record-Keeping, and Annual Reporting

While the Act, under sections 30 and 31, imposes general reporting obligations, the Regulations introduce specific reporting requirements. The Regulations provide that each PBO must maintain up-to-date records of its audited accounts, annual financial statements prepared in accordance with accounting standards specified by the Authority in consultation with the Institute of Certified Public Accountants of Kenya (ICPAK) and audited by auditors in good standing with ICPAK, a detailed inventory of assets, and an annual report on activities and programmes. PBOs must submit annual reports to the Authority in the prescribed Form 13 and pay the prescribed fee.

PBOs that have not previously adhered to ICPAK standards will need to engage qualified auditors and upgrade their financial management systems.

9. Express permission for lawful economic activities

The Act permits PBOs to engage in lawful economic activities so long as the income is used solely to support the public benefit purposes for which the organization was established. The income from these activities may include donations of cash, securities, and in-kind contributions, bequests, membership



fees, gifts, grants, real or personal property, and income generated from any lawful activities undertaken by the PBO with its property and resources.

The Regulations further provide that a PBO engaged in such lawful economic activities must obtain the necessary licenses and permits, act in the PBO's best interests, apply sound financial and business practices, and ensure that proceeds from these activities are used solely to advance the registered public benefit activity.

PBOs must comply with legal and regulatory requirements governing their activities. They can earn income through various means but must secure proper licenses, follow sound financial practices, and ensure all earnings support their public benefit purpose.

The Act provides that a registered PBO may voluntarily dissolve or wind itself up by passing a resolution (a two-third vote of members for membership organizations, or a governing body decision for non-membership organizations) and sending it to the Authority together with its financial reports. The Act also provides that remaining assets must be transferred to another PBO with similar objectives, and that the Authority may require officials to provide an inventory of assets upon voluntary dissolution or winding up.

10. Voluntary dissolution, deregistration or winding-up of Public Benefit Organizations

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The Act mentions the deregistration of a PBO by the Authority but does not get into the details of the deregistration process.

The Regulations introduce tighter procedural requirements and asset-protection safeguards for voluntary dissolution as well as deregistration by the Authority.

Voluntary dissolution

A PBO that resolves to dissolve must notify the Authority within fourteen (14) days of passing the resolution, accompanied by the registration certificate, the minutes containing the dissolution resolution, and the reasons for the decision. Before deregistering the PBO and striking it from the register of PBOs, the Authority must verify that the dissolution is consistent with the PBO's constitution and that all assets are safeguarded and accounted for. Assets must always be held in the PBO's registered name, listed in a detailed inventory including location, and used solely for the registered public benefit purposes. Before dissolution, the PBO must disclose its assets, liabilities, the PBO nominated



to receive assets, and those assets may only be transferred to a PBO in good standing with the Authority.

Deregistration by the Authority

The Regulations also empower the Authority to unilaterally deregister a PBO that has failed to comply with the Act or Regulations, failed to pursue its public benefit purpose for three (3) consecutive years, engaged in money laundering or economic crimes, or contravened any other written law. Before doing so, the Authority must give written notice to the PBO, provide an opportunity for the PBO to be heard, and specify remedial actions to be taken and timelines. The Authority must also approve the disposal of assets by the PBO.

Court-ordered deregistration

A court can order the Authority to deregister a PBO. Court-ordered deregistration follows the same procedure as deregistration by the Authority, as highlighted above, and the Authority must also approve the disposal of the PBO's assets before deregistration.

The practical effect for PBOs is that dissolution and deregistration are no longer informal. The Regulations provide clear processes with strict timelines, mandatory filings, and Authority sign-off. PBO assets now remain locked within the public benefit ecosystem, and any exit from the register of PBOs requires documented compliance with the requirement of the Act and the Regulations.

The Regulations set out a structured and asset protective framework governing the voluntary dissolution, regulatory deregistration, and court ordered removal of PBOs from the register of PBOs maintained by the Authority.

11. Transition from the repealed NGO regime

The Act repealed the Non-Governmental Organizations Co-ordination Act, 1990 (the "Repealed Act") and contains transitional provisions for NGOs registered under the repealed framework. The Regulations also revoke the NGO Co-ordination Regulations, 1992, completing the regulatory shift from the NGO regime to the PBO framework.

Existing NGOs are deemed to be registered under the Act during the transition period, but they are still required to take active steps to seek registration under the PBO regime within the applicable transitional timeline.

The Regulations now clarify the administrative process for transition. In particular, an NGO registered before the commencement of the Act must submit the prescribed transition information to the Authority, including its constitution, minutes approving its registration as a PBO, details of its governance structure,

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and its old certificate of registration as an NGO. The Authority is then required to consider the information submitted and issue the relevant certificate of registration or permit, as applicable, under the new regime.

Since the commencement of the Act on 14 May 2024, NGOs registered under the Repealed Act were required to transition to PBOs by 13 May 2025 (further extended to 13 May 2026 via Kenya Gazette Notice No. 6255). However, pursuant to Legal Notice No. 85, which was published by the Cabinet Secretary for Interior and National Administration on 12 May 2026, the transition period for NGOs to seek registration as PBOs has been further extended for an additional one (1) year with effect from 14 May 2026.

Existing NGOs should not treat the transition as a purely automatic migration exercise. They should review their transition readiness and submit the prescribed information to the Authority in good time to enable issuance of the appropriate PBO certificate or permit.

Summary of key considerations for affected parties

a) PBO Registration: Organizations should first determine the correct registration channel under the Regulations. This includes local PBO registration, bestowment of PBO status, international registration, exemption as an international PBO, or transition from the repealed NGO regime.

b) Planning: Before submitting an application for registration or bestowment of PBO status, PBOs should review their constituting documents, public benefit objects, board composition, conflict-of-interest provisions, governance structures, physical and postal address information and supporting resolutions to ensure they align with the Act and Regulations.

c) Self-regulation structures: PBOs operating within the same thematic area or geographical space should consider forming or joining self-regulation forums and federations, as these are now formally recognized and may become important channels for sector coordination and engagement with the Authority.

d) Change notification: PBOs should review internal governance and compliance processes to ensure that material changes (such as amendments to constitutions, board changes, address changes, banking changes, and changes to authorized agents) are promptly identified and formally notified to the Authority.

e) Record-keeping and reporting: Organizations should assess whether their financial management, audit, asset register, and annual reporting systems are robust enough to meet the more detailed record-keeping and reporting obligations under the Regulations, particularly where they have not previously aligned with standards specified by the Authority in consultation with ICPAK.

f) Economic activities: PBOs undertaking income-generating activities should confirm that they have the required licenses and permits, apply sound financial and business practices, and are able to demonstrate that all proceeds are used solely to advance their registered public benefit purposes.

g) Transition from the NGO regime: Organizations registered under the repealed NGO framework must take steps to comply with the transition requirements for issuance of certificates or permits under the Act and Regulations.

h) Compliance readiness: Given the move from a broad statutory framework to a more procedural compliance regime, affected organizations should undertake a legal and operational review of their registration status, governance arrangements, reporting systems, and regulatory filings to identify and address any gaps early.



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