



REPUBLIC OF KENYA

PUBLIC BENEFIT ORGANIZATIONS  
REGULATORY AUTHORITY

# PBO Act Transition and Regulatory Overview

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# Introduction



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A Public Benefit Organization (PBO) refers to a voluntary grouping of individuals or organizations that operate on a non-profit, non-partisan basis to deliver charitable services to the public. These organizations can function at national or international levels and must be registered under the PBO Act, which replaced the outdated Non-Governmental Organizations Coordination Act of 1990. The Act provides a modern framework for regulating entities engaged in public benefit activities while ensuring transparency and accountability.

# Historical Background



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The journey towards the PBOs Act began in 2006 when Kenya's Parliament adopted Sessional Paper No. 1, the first government policy recognizing NGOs as key partners in national development. This policy acknowledged that while the government remains the primary service provider, NGOs play a crucial complementary role. The shortcomings of the 1990 NGOs Act led to its review, culminating in the PBO Act of 2013, which was designed to address emerging challenges in the sector.

# Challenges and Amendments



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After the PBO Act was passed in 2013, implementation was delayed due to inconsistencies in certain clauses. A Task Force was formed in December 2014 by the then Cabinet Secretary of Devolution and Planning which is where the NGOs Board was vested at the time.

The role of the task force as to propose amendments to the Act upon conducting stakeholder engagement with all the relevant partners including religious groups, civil societies and government agencies.

However, legal challenges nullified these recommendations and the courts pronounced that the Act can only be amended upon operationalization. This created uncertainty until the Act was finally operationalized in 2024.

# Operationalization of the PBO Act

A decade after its enactment, the PBO Act officially came into force on May 14, 2024, following an announcement by Kenya's President during the UN Civil Society Conference. The Cabinet Secretary for Interior gazetted this commencement date, marking a significant step in streamlining the regulation of charitable organizations. This move aims to enhance governance and strengthen the role of PBOs in national development.

## **Mandate of the PBO Regulatory Authority**

The PBO Regulatory Authority, established under Section 34 of the Act, serves as the primary oversight body for the sector. Its responsibilities are highlighted in section 42 and includes: registering and deregistering PBOs, maintaining a register and official database, interpreting government policy, reviewing annual reports, and advising the state on PBO activities. Additionally, it facilitates collaboration between PBOs and government agencies while ensuring compliance with legal requirements.



# Transition to the PBO Act



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The Act provides a one-year transition period for organizations to align with the new regulatory framework. However, this process depends on the finalization of supporting regulations, which outline compliance procedures and operational guidelines. There have been two draft Regulations in place (one by the sector and one by government). The Authority is currently harmonizing the two draft regulations before subjecting them to public participation and eventual gazettelement.

## Transition process contd.

- Already existing NGOs that were previously incorporated under the NGOs Act will transition, be entered into the Register of PBOs and be issued with a certificate for their identity.
- Entities that are registered in other registration regimes will apply for the PBO status to be granted to them. This is another form of registration provided for in the Act.



# Qualifying Criteria for PBOs

For an entity to qualify as a PBO, it must meet specific criteria: It must operate exclusively for charitable purposes, demonstrate public benefit without private gain, and have a clearly defined beneficiary group. Additionally, it should maintain a distinct governance structure separating the board (decision-makers) from management (implementers). The Act also permits PBOs to engage in income-generating activities, provided profits are reinvested into their missions.

# Registration Pathways

The Act offers three registration options:

- Incorporation for new entities or those transitioning from other legal structures (e.g., trusts or societies).
- Public Benefit Status Certificate for existing entities (e.g., companies limited by guarantee) that meet PBO criteria but wish to retain their original registration.
- Permits for international NGOs that fund local PBOs rather than operating directly in Kenya.

# Key Features of the PBO Act

The Act introduces several progressive measures, including allowing PBOs to establish social enterprises for financial sustainability.

It consolidates all charitable entities under one regulatory umbrella, simplifying compliance.

Other benefits include tax exemptions, access to government training programs.

Establishing a self-regulation framework through sector-wide forums and the National Federations of PBOs. These provisions aim to enhance the sector's efficiency and credibility by ensuring PBOs adhere to their codes of conduct and standards.

# Financial and Governance Reforms

The Act extends the deadline for submitting audited financial reports from three to six months after the fiscal year-end. Unlike the previous law, all PBOs must now submit reports, regardless of their funding size. Governance structures have also been clarified, distinguishing between membership-based and non-membership organizations to eliminate past ambiguities in leadership and decision-making processes.

# Benefits for PBOs



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Registered PBOs enjoy multiple advantages, including tax exemptions, streamlined work permit processing for staff, and access to capacity-building programs offered by government agencies. The Act also encourages self-regulation through sectoral forums and a National Federation of PBOs, empowering organizations to uphold high standards without excessive government interference.



# Compliance and Sanctions

To maintain integrity, the Authority can investigate and deregister non-compliant PBOs. This includes organizations violating the Act or engaging in fraudulent activities. Such measures aim to restore public trust in the sector, ensuring that PBOs remain accountable to beneficiaries, donors, and regulatory bodies.



# Importance of a Smooth Transition

A successful transition is critical for aligning all stakeholders; PBOs, donors, financial institutions, and government agencies; with the new regulatory framework. The Authority's effectiveness hinges on this process, as does the sector's ability to operate seamlessly under the Act. Proper implementation will create an enabling environment for PBOs to thrive while fulfilling their developmental roles

# Conclusion



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The PBO Act represents a transformative shift in Kenya's nonprofit sector, emphasizing sustainability, accountability, and collaboration. By providing a clear regulatory framework, the Act empowers PBOs to contribute effectively to national development while maintaining public confidence. Its successful implementation depends on stakeholder cooperation during the transition period and beyond.

# Way Forward Harmonization of PBORA Regulations



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DATES:	SCHEDULED ACTIVITY
14th -26th May 2025.	Finalizing Drafting of the Harmonized Draft Regulations.
26th -30th May 2025.	Validation of the Draft Regulations with various stakeholders.
5th June 2025.	Launch of the Draft Regulations for Public Participation.
19th June - 18th July, 2025.	Commencement off the Public Participation Countrywide Forums.
21st July, 2025.	Submission of the Public Participation Report.
21st-25th July,2025	Incorporating of the Public Participation Feedback into the draft Regulations and finalization of the
28th -31st July,2025.	Validation and Adoption of the Draft PBORA Regulations.
1st August. 2025.	Launch of the Final Draft of the PBORA Regulations Incorporating Public Participation and Stakeholder input for onward transmission to Parliament.



# PUBLIC PARTICIPATION PROCESS

- To ensure inclusivity, the Authority has mapped out all the 47 counties into various regions. Stakeholders, including PBOs, donors, and government agencies, will contribute through physical meetings, online webinars, and written submissions. This participatory approach aims to refine the regulations before they are formally adopted, ensuring they reflect the needs of all parties involved.

# Proposed areas



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- **Stakeholder Mapping and Inclusivity:**

- Invite feedback on the mechanisms for identifying and engaging underrepresented groups, including quotas and targeted outreach strategies.

- **Accessibility of Participation Channels:**

- Seek input on barriers to participation and co-develop solutions such as localized forums, translations, and digital inclusion programs.

- **Feedback and Transparency Mechanisms:**

- Engage stakeholders in designing transparent feedback processes to ensure their contributions are acknowledged and acted upon.

- **Capacity-Building Initiatives:**

- Solicit public suggestions on and implement effective methods for civic education and stakeholder training to enhance participation quality.

- **Monitoring and Evaluation Frameworks:**

- Collect public contributions on suitable metrics and methodologies for evaluating the inclusivity and effectiveness of public participation processes.

# Engagement Strategies



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A mix of strategies will be employed to maximize participation:

- Public Forums: Physical meetings at central locations in each cluster.
- Virtual Platforms: Online surveys, X spaces, podcasts, webinars, and live-streamed sessions for stakeholders unable to attend in person.
- Localized Outreach: Door-to-door mobilization and use of local radio stations to reach all communities. This works best when organisations become champions in particular areas.
- Language Adaptations: Translation of materials into local languages and the use of interpreters at meetings.
- Incorporation of Sign language interpretations, braille, and audio recordings for people with disability.
- Volume: development of popular versions



# Feedback Mechanisms



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## **To ensure transparency and accountability:**

- Establish structured feedback channels, including suggestion boxes, email submissions, and online platforms.
- Provide regular updates on contributions, highlighting how input has influenced policy decisions.
- Publish consolidated reports after each cluster engagement.

# Public Participation Schedule



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Date	Location
June 2025	Garissa
June	Meru/Isiolo
June	Sagana
July	Machakos
July	Mombasa
July	Lamu
July	Lodwar
July	Eldoret
July	Kakamega
July	Kisumu
July	Nakuru
July2025	Nairobi



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***THE END***