The objective of this paper is to examine the current institutional arrangements for governance of the Arabuko-Sokoke Forest Reserve (ASFR) and show their major contribution in the ASFR co-management business of conserving the forest and providing livelihoods to the poor forest-dependent communities. Despite the fact that funding from non-governmental organizations ended, the ASFR co-management business did not stall. The institutional arrangements for co-management were deemed to be the major component that contributed to the continuation of the ASFR co-management business. To demonstrate this hypothesis, the paper explores four main areas that shape the institutional arrangement of the ASFR co-management regime, informed by common property theories: (1) how governance arrangement structures for the ASFR are organized; (2) villagers perceptions and awareness of the co-management structure; (3) co-management arrangement for access, ownership and use of the various forest resources; and (4) importance of the forest resources to the households. The co-management piloting and non-piloting communities adjacent to the forest and who have been depending on the forest as a source of their livelihoods are compared in order to understand the role of the ASFR co-management institutional arrangements in the sustainability of its business.