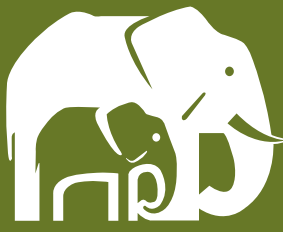


KENYA  
WILDLIFE  
SERVICE



# ANNUAL REPORT 2017



*Our Heritage, Our Pride*



If There is magic on this planet  
it is contained in water  
~ Lorah Eisely ~



## TABLE OF CONTENTS

CORE STATEMENTS .....	2
LAW ENFORCEMENT .....	3
BIODIVERSITY RESEARCH AND PLANNING .....	6
PARKS, RESERVES AND COMMUNITY WILDLIFE SERVICE AND DEVOLUTION .....	18
SERVICE DELIVERY .....	25
REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2017 .....	30
I. CORPORATE INFORMATION .....	31
II. THE BOARD OF TRUSTEES .....	34
III. MANAGEMENT TEAM .....	37
IV. CHAIRMAN'S STATEMENT .....	40
V. REPORT OF THE DIRECTOR GENERAL .....	41
VI. CORPORATE GOVERNANCE STATEMENT .....	42
VII. MANAGEMENT DISCUSSION AND ANALYSIS .....	44
VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT .....	46
IX. REPORT OF THE TRUSTEES .....	47
X. STATEMENT OF TRUSTEES' RESPONSIBILITIES .....	48
XI. STATEMENT OF COMPREHENSIVE INCOME .....	56
XII. STATEMENT OF FINANCIAL POSITION .....	57
XIII. STATEMENT OF CHANGES IN NET RESERVES .....	58
XIV. STATEMENT OF CASH FLOWS .....	59
XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	60
XVI. NOTES TO THE FINANCIAL STATEMENTS.....	61
PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS .....	82
APPENDIX 1: PROJECTS IMPLEMENTED BY THE ENTITY .....	87
APPENDIX 2: INTER-ENTITY TRANSFERS .....	88
APPENDIX 3: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES .....	89





## CORE STATEMENTS

---

### Our Vision

Save the last great species and places on earth for humanity.

### Our Mission

Sustainably conserve, manage and enhance Kenya's wildlife, its habitats and provide a wide range of public uses in collaboration with stakeholders for posterity.

### Core Values

We are guided by the following core values, which provide an integrated focus towards enhancing provision of acceptable quality service:

- Passion
- Professionalism
- Innovation
- Quality

### Service Delivery

We shall provide our customers with:

- High quality and secure parks.
- Wildlife conservation education - publication and information about wildlife in a form suitable for and accessible to all.
- Sustainable wildlife population.
- Protection of agriculture and animal husbandry against destruction of wildlife.
- Data and information service to scientific, advisory and consultancy organisations involved in wildlife conservation.
- Professional services in a friendly, responsive and professional environment.

### What we Do

- Formulate policies regarding the conservation, management and utilisation of all types of fauna and flora (excluding domestic animals).
- Manage national parks and game reserves.
- Provide wildlife conservation, education and extension services to create public awareness and support for wildlife policies.
- Strive to achieve the competence and fairness in the care and development of the parks and reserves through conduct of research, deliberate acquisition, use and dissemination of relevant information from research and other sources.
- Administer and coordinate international protocols, conventions and treaties regarding wildlife in all its aspects.

### Our Customers

Our customers may be involved or participate in or represent any or all of the critical areas of tourism such as recreation, marine and conservation. They include:

- Individuals, groups, governments and private organisations that use the national game parks and reserves for tourism, recreation, and research.
- Individuals, groups or organisations that have any level of interest in or impact on the development and conservation of wildlife.

## LAW ENFORCEMENT

### Introduction

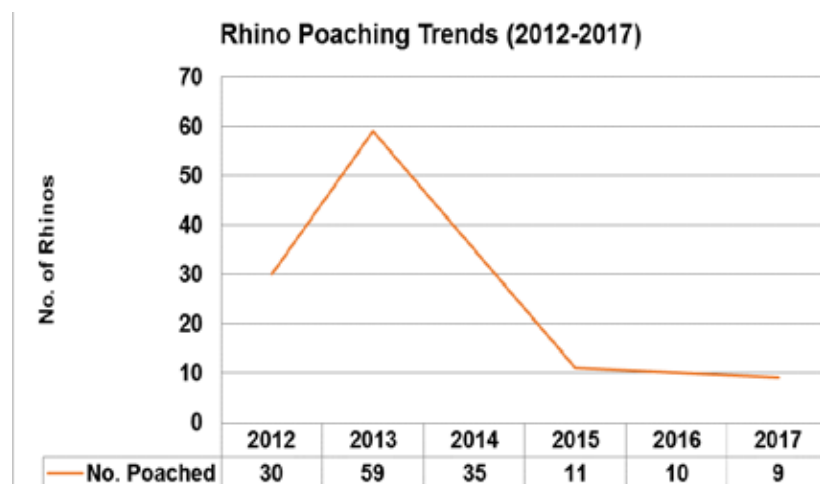
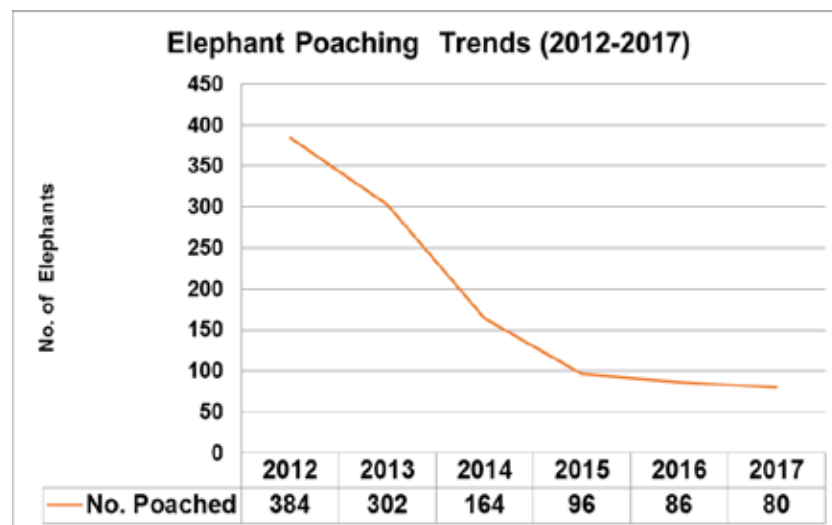
The report gives an overview of the strategies undertaken, achievements realised and challenges experienced by the Division in enhancing wildlife security in 2017. It also provides an insight into the lessons learnt in combating wildlife and environmental crime.

#### a. Wildlife conservation stewardship

The year was characterised by frequent threats to our wildlife in various conservation areas. However, our teams were up to the task and were able to thwart the threats.

Several security strategies were developed including owning the night, to deal with the security challenges experienced. Wildlife security operations remained largely intelligence-led based on threats. Monitoring of wildlife movement and migration was done to inform deployment of personnel. Several ground, vehicles and aerial patrols were done to secure our wildlife. Ambushes were also laid and observation points were manned to enhance wildlife protection. These led to the reduction in elephant and rhino poaching as follows:-

- 79% reduction in elephant poaching in 2017 as compared to when poaching was at its peak in 2012.
- 85% reduction in rhino poaching in 2017 as compared to when poaching was at its peak in 2013.



Livestock incursion in the protected areas still remained a challenge especially in Tsavo and Meru. This was amplified by the prolonged dry spells. However, measures were put in place to restore the ecosystem health including driving off the herds of livestock out of protected areas, arresting offenders and holding sensitization meetings. A total of 356,736 livestock were driven out of the protected areas.

Security personnel were involved in 12 active engagements (contacts) with armed poachers which led to arrest of poachers, disruption of poaching syndicates and recovery of firearms and trophies. A total of 9 firearms and 109 rounds of ammunition targeted at both wildlife and tourists were recovered in these security operations.

During the year a total of 1401 suspects were arrested and prosecuted for various wildlife law offences as a result of enhanced law enforcement effort by security personnel in collaboration with stakeholders. Illegal possession of game trophies, livestock incursion into protected areas, habitat destruction and poaching constituted the largest offences in terms of the number of suspects arrested.

#### **a. Financial sustainability**

The Division endeavoured to restrict itself within the set budget where possible. Financial discipline was exercised throughout the period. However in some instances due to the dynamics of wildlife crimes some incidences could not be predicted leading to over expenditure on the set budgets.

#### **b. Partnership with stakeholders**

Security Division works very closely with other law enforcement agencies in all matters of wildlife security at local, regional and international arenas. Structured engagement with other law enforcement agencies, National and County Governments, local communities and other conservation stakeholders has been intensified. Specific engagement with the County Administration, National Police Service, National Intelligence Service, Kenya Forest Service, Kenya Revenue Authority and Kenya Airports Authority among others was enhanced. Regionally, cross-border collaborations between Tanzania and Uganda have also been put in place to address crimes of trans-boundary nature and they have yielded results in tackling wildlife crime along the shared borders.



*Livestock drive operation in Bachuma Area of Tsavo East*

#### **c. Service delivery**

Response to security threats and incidents was improved during the period. The Division continued to maintain liaison with other stakeholders in the tourism industry to enhance service delivery and attainment of visitors' safety and satisfaction with our products.

#### **d. Institutional capacity**

The Division capacity was enhanced through training, putting it in a better position to handle emerging security threats. The Division greatly benefitted from training opportunities and other capacity building programmes offered to its law enforcement officers by our partners. Personnel were trained on various skills and techniques ranging from leadership, recruitment and training of 59 new revenue protection officers, 9 investigators trained on surveillance techniques, 22 undertook induction training for prosecutors and 28 personnel across the organization trained on armoury related management courses such as Weapons and Ammunition Accountability and Management (WAAM) and Physical Security and Stockpile Management (PSSM).

#### **e. Administrative Challenges**

The following challenges were experienced across the units during the year and need to be addressed to enhance wildlife security operations;

- Ageing and insufficient fleet
- Inadequate housing for personnel
- Inadequate firearms
- Budgetary constraints
- Leadership and Command gaps

### **Conclusion**

2017 was a successful year for the Security Division as the downward trend in poaching continued to be witnessed as a result of enhanced wildlife security. Though poaching has stabilised, the threat still exists and the Division will continue to enhance its wildlife security operations to consolidate the gains made. The Division will continue to engage our stakeholders and local communities as they are invaluable partners in wildlife security.

## BIODIVERSITY RESEARCH AND PLANNING

### 1. Introduction

Part (II) (7) of The Wildlife Conservation and Management Act, 2013 provides details on establishment of the Service and its functions. It is to conduct and co-ordinate, all research activities in the field of wildlife conservation and management and ensure application of research findings in conservation planning, implementation and decision making

### 2. Development of protected area management plans, mapping and environmental compliance

In the year 2017, new protected area plans were developed and others updated. The Lake Turkana National Park's Management plan that covers Sibiloi, Central Island, and South Island National Parks was reviewed while a new plan was developed for Kora National Park. In addition, KWS provided technical assistance to five conservancies in the Maasai Mara Ecosystem, Mara Lemek, Olchoro Oirouwa, Olare Motorogi, Ol Kinyei, and Pardamat conservancies, to develop their management plans.

The Service prepared an Environmental and Social Impact Assessment report for the proposed Alia- Lualenyi –Kamtonga community wildlife fence in Taita-Taveta County to inform a fencing project aimed at mitigating human-wildlife conflict. Environmental impact assessment for the proposed tourist access roads in Kitenden corridor conservancy and Amboseli ecosystem was also conducted.

The Service mapped coastal biodiversity hotspots in Kilifi and Kwale Counties, wildlife corridors in Oserian and Kamere farms in Naivasha area. Further, land use/cover mapping of Amboseli ecosystem was conducted and correlated with human wildlife conflict data to discern trends.

### 3. Enhancement of Ecosystem Conservation Programmes

Natural forests are important in conservation of biodiversity, habitat for wildlife, watershed conservation regulation, carbon sequestration, protection from natural hazards and recreation. In line with this, tree planting took place in various national parks and reserves in partnership with stakeholders.

Feasibility study of wildlife resource centres in Mt. Elgon and Cherangany Forest Ecosystems through the Water Towers Protection and Climate Change Mitigation and Adaptation Project (WaTER) funded by EU was undertaken.

Training on forest fire control and management was conducted for KWS, KFS staff and Community Forest Associations (CFAs) from Mt. Elgon and Cherangany ecosystems supported by Water Towers Protection and Climate Change Mitigation and Adaptation (WaTER) Programme.

### 4. Payment of Ecosystem Services through Chyulu Hills REDD+ Project

The Chyulu Hills REDD+ Project (CHRP) credits were registered in 2017. The project is a multi-partner initiative designed to promote climate change mitigation and adaptation, restore biodiversity and create alternative livelihoods under the United Nation scheme of Reducing Emissions from Deforestation and forest Degradation (REDD)

### 5. Climate Change Mitigation and Adaptation

- Drafting of the National Wildlife Climate change adaptation strategy was undertaken.
- Mainstreaming of climate change issues into Protected Area Planning.
- Assessment of the potential impacts of the standard gauge railway line on wildlife and proposing mitigation measures.



## 6. Wildlife surveys undertaken

The service in collaboration with stakeholders worked to achieve one dung survey of elephants, three aerial total counts of large herbivores, and one count of waterfowls. Reports from the surveys are important for providing status of wildlife abundance, trends and distribution and help in management planning of protected areas.

**Table 1: Summary of selected wildlife populations surveyed in 2017**

Area/Species	Number of large Herbivore counted	Elephant	Buffalo	Grevy's Zebra
Tsavo Mkomazi	3	12,843	8,623	0
Mara Ecosystem	3	2,493	9	0
Mwea National Reserve	10	125	200	0
Laikipia/Samburu/Meru/Marsabit	3	8,021	7,210	1,627
Shimba Hills National Reserve	12	35	89	0

## 7. Implementation of the Nagoya Protocol on Access and Benefit Sharing

- A model Access and Benefit Sharing agreement was concluded between KWS, County Governments and local communities as resource providers and local research institutions as resource users. The model agreement is being used as a template for Mutually Agreed Terms (MAT) in the country.
- A model Access and Benefit sharing management plan for Lake Bogoria National Reserve was initiated and recommended by the UNHCR as a big step towards involving local communities and partners in resource management and benefit sharing.
- The success story was showcased globally and used by the GEF council to model the ABS funding mechanisms.
- Awareness creation continued amongst key stakeholders on ABS implementation under Nagoya Protocol.
- Capacity building for protected area system on streamlining, permitting processes and scientific collection were initiated.
- Capacity building workshop for key stakeholders on Prior Informed Consent (PIC) and Mutually Agreed Terms (MAT) were undertaken in partnership with GIZ.
- Several access permits were granted based on various concluded PIC and MAT.

## 8. Coordination and Monitoring of wildlife biological resource collections for research and development in protected areas

A system for monitoring scientific collections was initiated including awareness creation of all conservation areas. The system includes sample verification, coding and labelling of scientific collections under material transfer agreements. This assists in tracking and monitoring the research and development contributing to transparency on access and the sharing of accruing benefits from utilization of biological resources and ex situ repositories.

A National online ABS permitting system linking all the key stakeholders involved in permitting of biological resources was initialled. This is aimed at streamlining permitting, enhancing efficiency, monitoring and evaluation contributing to increased Research and Development that informs appropriate legal framework which attracts investment in biodiversity conservation and livelihood.

Kenya's national interim report on assessment of the effectiveness of the Nagoya Protocol was developed and submitted to the CBD secretariat

County ABS technical committees were initiated in Kakamega County and a model ABS project on utilization of *Mondia whytei* genetic resource between a French company, MANE, a leader in flavours and fragrances in Kenya was initiated.

## **9. Management and control of tsetse flies in protected areas**

To enhance wildlife health, various activities were undertaken on monitoring and control of tsetse flies specifically in Shimba Hills National Reserve, Ruma, Ndeere Island and Meru National Parks.

A collaborative agreement between Yale University, KALRO and KWS was developed to undertake research and development on control of tsetse flies and trypanosomiasis and capacity building.

## **10. Preparation of National Wildlife Conservation status report for 2015 – 2017**

The process of developing status of wildlife report in conformity with the requirement of the law (section 49 of the WCMA, 2013) commenced in collaboration with NMK, Fisheries, KEMFRI, Moi University, KWCA and other partners with financial support from USAID.

## **11. Upgrading of library services**

The bibliographical data entry to KOHA library integrated management system was undertaken. This is a continuous activity that improves library services. Modernization of the KWS-LEA library with ultra-modern ICT facilities and new books was also done with support from USAID. An assessment of the viability of BIOTA library in WCA was also conducted.

## **12. Multilateral Environmental Agreements (MEAS)**

Implementation of MEAs related activities is cyclic with national reporting periods and preparations for country representation and participation in international meetings of the governing bodies of the environmental agreements. Meetings of the highest decision-making bodies of the agreements usually called Conference of the Parties (CoPs) or Meeting of the Parties (MoP) or Meeting of Signatory States (MoS) are held every 2-3 years. In 2017, the Service undertook national reporting on implementation of the following international obligations and preparations for the country to participate in the Conference of the Parties to the CMS and Ramsar Conventions:

- Progress in implementation of National Ivory Action Plan under CITES Convention as required in accordance with Res. Conf. 10.10 on conservation of and trade in elephants: The substantive reporting on actions the country has implemented towards combating illegal trafficking and trade in elephant ivory led the Standing Committee of the CITES Convention to approve that the country is removed from the requirements for mandatory reporting on progress in implementation of the National Ivory Action Plan
- Progress in implementation of Decision 39 COM 7B.4 and Decision 40 COM 7B.80 of the World Heritage Convention regarding potential listing of Lake Turkana National Parks World heritage property as a World Heritage in Danger: The reporting provided an update on the status of impounding Gibe III reservoir and the measures taken by Kenya and Ethiopia to mitigate the impacts on the World Heritage property, an update on the status of Kuraz Sugar project development in Ethiopia and timelines to initiate a Strategic Environmental Assessment (SEA) scoping study and providing a SEA report. Actions reported to have been implemented by the two governments to mitigate the threats to the world heritage property have been considered not adequate thus leading to the listing of the property in

the List of World Heritage in Danger. Implementation of further measures and reporting on progress has been requested and KWS will continue reporting as those actions are implemented.

- Country preparations for the 12th Meeting of the Conference of the Parties (CoP12) to the CMS Convention held in October 2017: The national reporting on implementation of the two conventions informed to an extent, decisions of the conventions taken during their respective conferences of the parties.

### 13. Wildlife Population Status

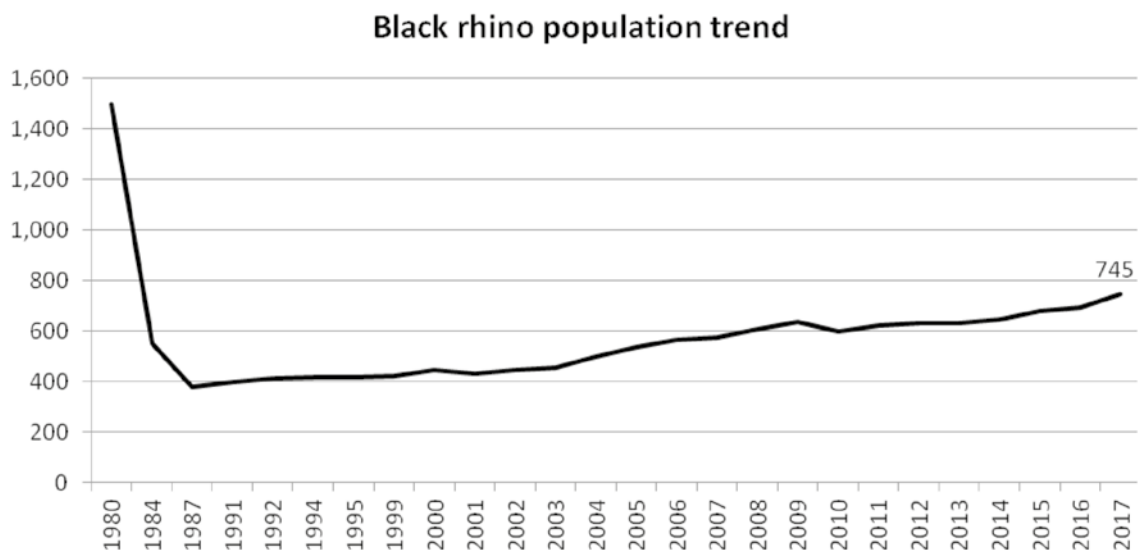
Most key species populations were stable with others recording increased numbers as captured in the 2015-2017 wildlife status report.

#### a. Rhinoceros

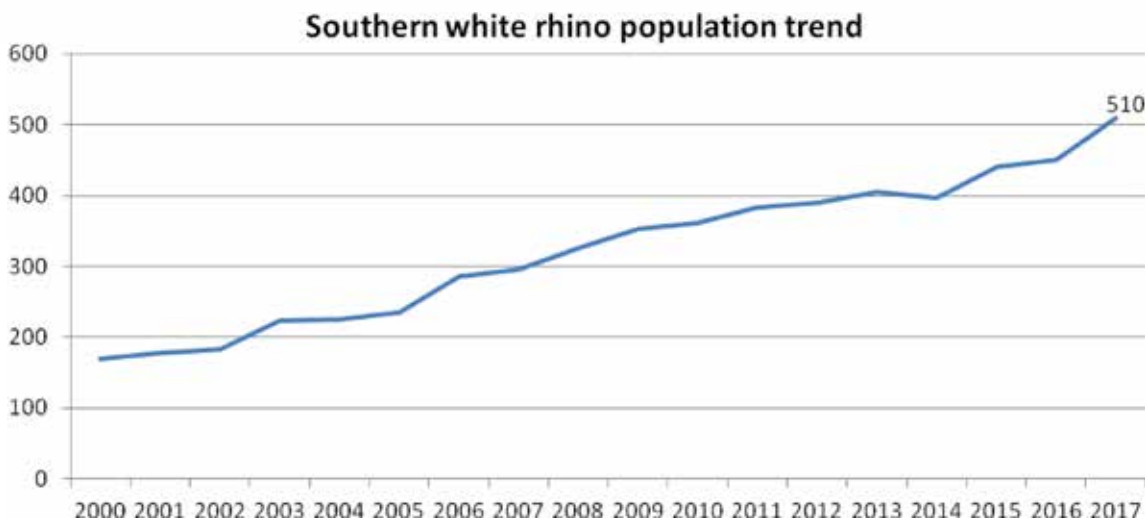
There was an increase in the rhino population. Kenya had a total population of 1,258 rhinos as at end of 2017 (745 black, 510 Southern white and hosted the last 3 remaining Northern white rhinos)

The Service instituted an independent national rhino audit which was undertaken by an independent wildlife management consultant, Dr Robert Olivier who visited all the 18 rhino sites in Kenya. The purpose of the independent audit of the Kenyan rhino population was to evaluate the monitor systems employed at each site, competence of the staff deployed in rhino areas, reliability and the accuracy of their rhino monitoring data as per requirements of the Conservation and Management Strategy for the Black Rhino in Kenya. The audit gave the national data high rating and recommended areas of improvement which has since been implemented.

*Figure 1: Black rhino population trend*







*Figure 2: Southern white rhino population trend*

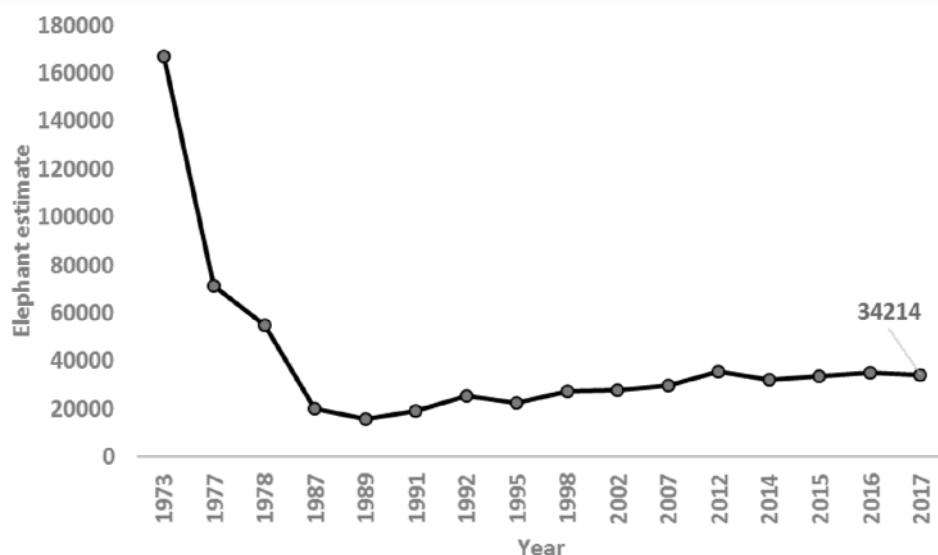
## **b. Elephants**

Estimates of elephant numbers are used to compare population status in different parts of elephant range within countries, regions and across the continent. Estimates are also used to evaluate trends of population growth or decline. Due to elephant's reproductive biology, elephant population estimates are conducted after every three years. Only 45.7% of elephant population were established within the stipulated interval period of three years. These comprise the definite proportion of the national population.

Different survey types have been employed for assessment of elephant populations in different habitats over the years. Conventionally, the Kenyan elephant population has been surveyed through the use of individual elephant registration, aerial total and sample counts, total ground counts and dung density surveys using Faecal Standing Crop (FSC) approach. In the absence of elephant population data through either of the mentioned techniques, informed guesses on elephant numbers to those particular range areas is used for policy and planning purposes.

Currently there is an ongoing assessment of the Mt. Elgon elephant population by use of the faecal DNA capture methodology. It should be noted that different methods yield results with varying degrees of accuracy and precision. Producing regional or national totals by adding estimates of different quality could be justified to give general total, but should not be relied upon for accurate description of elephant population status.

As at December 2017, there was a national elephant population of 34,214 elephants. Though there was an initial eminent decline in elephants numbers from a national population of approximately 170 thousand elephants in early 1970s (figure 2), there has been an increase in numbers, with the 2017 population status representing a 2.29% annual increase since 1989.



*Figure 3: Trends in the National elephant population 1973 to 2017*

Tsavo ecosystem hosts the largest elephant population with 12,843 elephants (Lala et al., 2017), a density of 0.28 elephants/km<sup>2</sup> while Samburu-Laikipia ecosystem had the second highest population with 7,166 elephants (Ngene et al., 2017), a density of 0.2 elephants/km<sup>2</sup>. Other populations surveyed in the year 2017 include Aberdare ecosystem (3,939 elephants), Maasai Mara ecosystem (2,414 elephants), Meru landscape (674 elephants), Marsabit (181 elephants), Mwea NR (125 elephants) and Shimba Hills NR (35 elephants).

In overall, there has been a significant positive elephant population growth from the year 1989 to 2015,  $p = 0.0082$ ,  $t = 3.648$ , representing a 2.73% annual population growth. This population growth was mainly experienced from the Amboseli, Samburu-Laikipia, Mara and Tsavo populations. A marked decline was however noted in the Shimba Hills NR elephant population, where the population reduced from 274 elephants to 35 elephants between 2012 and 2017.

### c. Carnivores

To enhance conservation of carnivores, building synergy amongst carnivore conservation researches to guide efforts in carnivore conservation was done through various forums:

- i. The annual carnivore conference was held on 9th and 10th of November, 2017. The conference brings together over 100 local and international researchers, conservation managers, communities, governmental and non-governmental organizations and institutions of higher learning among others. The main aim of this conference was to deliberate on the way forward for carnivore conservation. Through the conference, data and information critical for the conservation of both large and small carnivores as well as other wildlife species was generated. The conference also provided a forum for the evaluation of the two large carnivore conservation and management strategies (for Cheetahs and wild dogs in Kenya and conservation and management strategy for lions and spotted hyenas).
- ii. To enhance mechanisms of monitoring large carnivores: A workshop on development of standardized methodologies for lion census was held on 26th July 2017.

#### d. Grevy's zebra

The Service in collaboration with stakeholders has endeavoured to update population status of other endangered species. For Grevy's zebra, there was use of citizen science through five county governments, scientists, conservation NGO partners, community conservancies, private conservancies and ranches, tourism partners, community partners and many citizen scientists from Kenya and abroad to make the activity a success.

More than 100,000 photographs were taken and analysed using the pattern recognition software system called Wildbook. Each individual has completely unique patterns, much the same as a human finger print. By knowing the exact numbers and the proportion of infants, juveniles and adults we can make informed management decisions. The estimated population size of Grevy's zebra for Kenya was 2,350 individuals. The fraction of infants and juveniles reached the 30% threshold in most areas, indicating that the overall population size was sustainable.

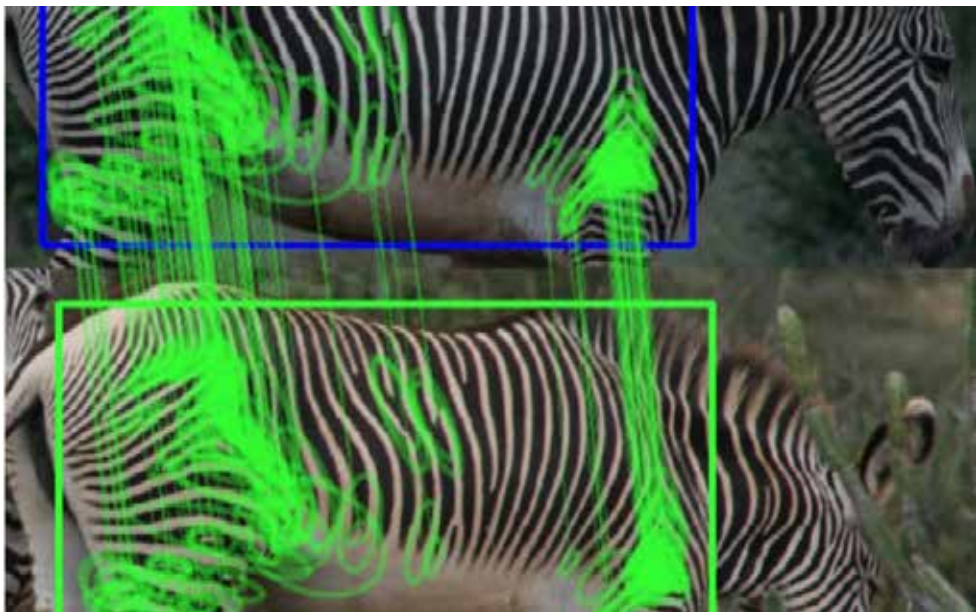


Figure 4: Stripes recognition software

#### 14. Poaching trends of key species

##### Rhinos

There was marked decline in the poaching levels of key species namely rhinos and elephants as shown in figures 5 and 6.

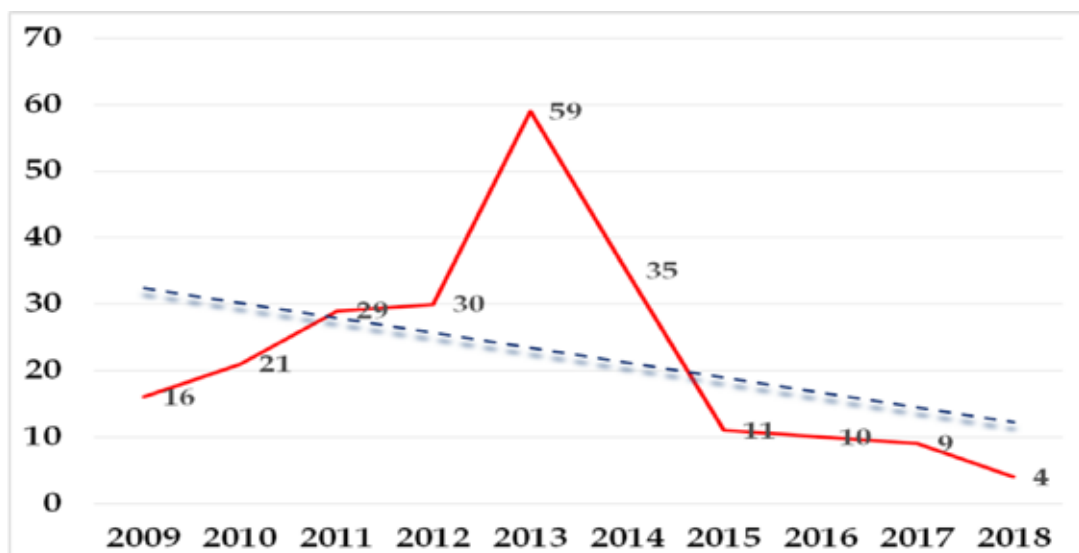


Figure 5: Rhino poaching trends



## Trends in elephant mortality

There has been a 72.3% decline in elephant poaching over the period from 2011 to 2017 where poaching declined from 289 elephants in 2011 to 80 elephants poached in 2017 (Figure 6).

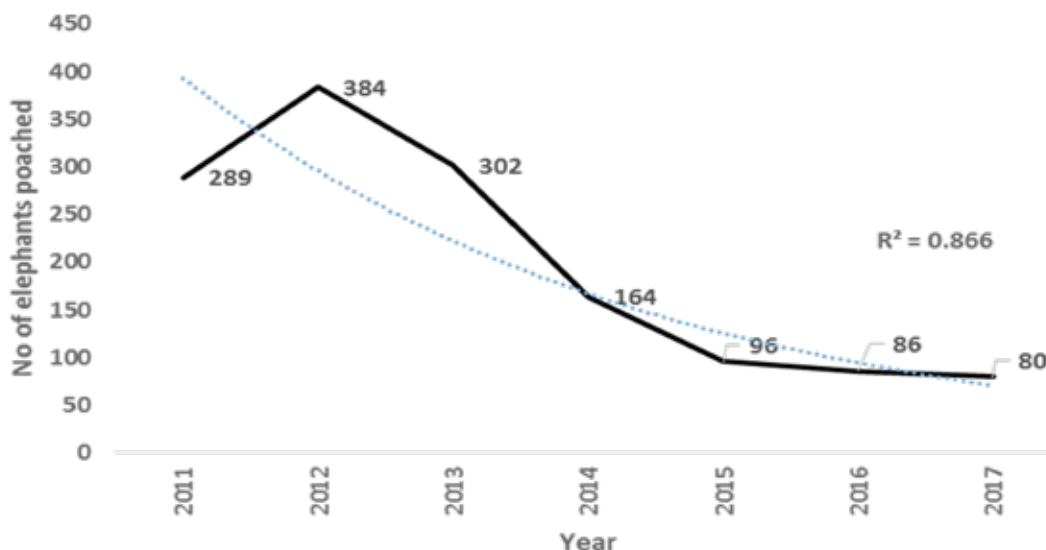


Figure 6: Trends in elephant poaching over the period 2011 to 2018

Whilst there has been a decline on the number of elephants poached, the proportion of elephants killed due to conflict and unknown causes has been increasing over the period under review (Figure 7).

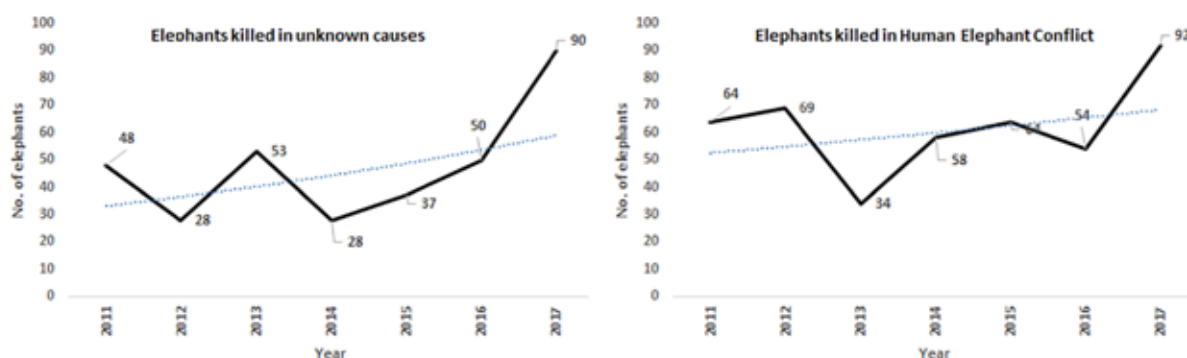
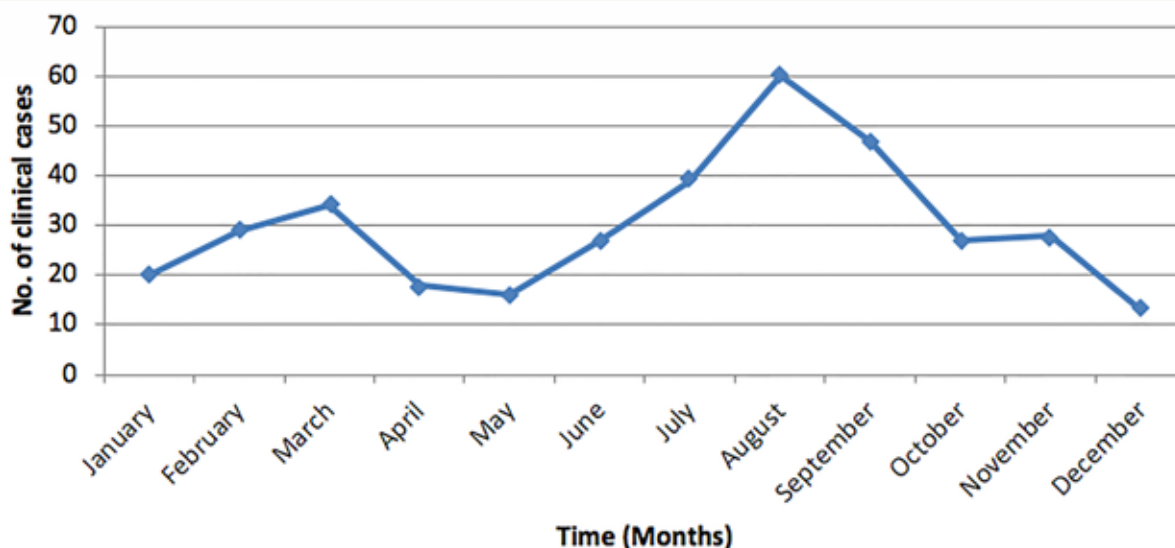


Figure 7: Trends in elephant deaths due to unknown causes and conflict over the period 2011 to 2017

## 15. Translocations and clinical interventions to enhance species conservation and management

A total of 137 animals of various species were translocated in different parts of the country to mitigate several conservation issues. The species translocated include buffaloes, warthogs, waterbucks, elands, lions, hyenas, impalas, zebras, giraffes and leopards. Specifically, a total of 8 lions and 2 leopards were translocated to mitigate human wildlife conflicts and reduce predation on rhino calves.

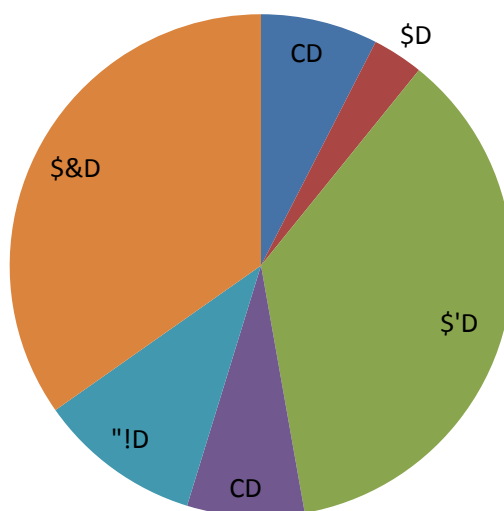
Clinical cases were the most, with snare-inflicted injuries being the dominant cause for the interventions. Other causes for clinical intervention include spear and arrow head wounds, wound fractures, disease, and poisoning and intra species territorial fights. A total of 358 cases were attended in the year 2017 with the annual pattern of case occurrence showing a lower peak in the drier months and a higher peak in the period after the rain, which also coincides with crop maturation (figure 10).



*Figure 8: Annual country-wide trends in response to veterinary cases that required clinical intervention in 2017*

The proportion of clinical cases concentrated in 6 species, which include elephant, zebra, eland, buffalo, lion and giraffe. These species accounted for 85% (n = 305) of all the clinical cases attended to. However, the most affected species are elephant and zebra accounting for 36% and 35% of cases, respectively (figure 9).

■ E,FF\*8? ■ G8\*+H ■ G8064\*+; ■ I7-\*FF0 ■ J7?+ ■ K01-\*



*Figure 9: Proportion of clinical cases attended to in each of the species most affected in 2017.*

The region with most cases attended to was Naivasha that had 41% of the cases (figure 3). The Mt Kenya region, which was covered by two Mobile Veterinary Units (MVUs); the Lewa veterinary unit and Meru veterinary unit, had 7% of the cases attended to.

■ Naivasha ■ Tsavo ■ Maasai Mara ■ Amboseli ■ Mountain region

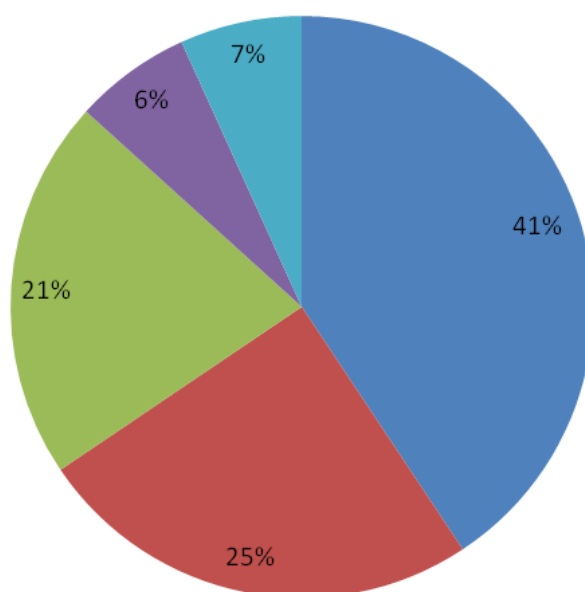


Figure 10: Proportion of clinical cases attended to in each of the conservation regions in 2017

## 16. Disease surveillance and research

During this period, a study to determine the ecology of disease infection in the African elephant was initiated and it focused on elucidating the diversity and infection patterns of gastrointestinal parasites and tick borne pathogens. In addition, the organisation undertook surveillance of Newcastle virus in wild birds following past years of mass deaths in laughing doves in several parts of the country.

The role of the African buffalo in transmission of livestock diseases has been an issue in conservation leading to intolerance against the species. The proponents for setting up disease free zones base their arguments on the notion that the buffalo is the disease reservoir and transmits diseases to livestock. KWS undertook a study to determine whether Foot and Mouth Disease virus (FMDV) in livestock and buffalo that occupy the same fenced habitat share the virus. However, the findings showed that the buffalo had different type of FMDV compared to the livestock.

## 17. Deployment of technologies in endangered species monitoring

The Service continues to adopt various technologies to enhance species monitoring and surveillance, they include deployment of VHF and satellite collars, microchips and rhino ear notching. For instance, a total of 30 GPS/GSM satellite collars were deployed in elephants from different populations alongside other technologies as summarized in Table 2 below.



Table 2: Summary of endangered key species and interventions implemented in the year 2017

#	Species	Intervention	Target population	Number	Purpose
1	Rhino	Ear notching and fitting of transmitters	Tsavo West IPZ and Ngulia sanctuary	24 rhinos were captured: 12 ear notched in Ngulia; 12 ear notched and fitted with transmitters in the IPZ	Enhance monitoring and surveillance
			Nairobi National Park	16 rhinos (13 black, 3 white)	
			Solio Ranch	37 black rhino's ear notched	
2	Lion	Deployment of collars to enhance monitoring	Nairobi National Park	5 lions fitted with satellite collars	
			Soysambu conservancy	2 sub-adult female lions were also fitted with GPS/GSM collars	
		Translocation	Soysambu to Tsavo National Park	2 male lions	Human - lion conflict mitigation
3	Elephant	Collaring	Tsavo	20	Monitoring of habitat use in relation to linear infrastructure
			Amboseli	5	Monitoring of habitat use
			Nasalot/Kerio valley	5	Monitoring habitat use and law enforcement
		Translocation	Kajiado to Aberdare	9	Mitigate human-elephant conflict
			Solai Nakuru to Aberdare	9	Mitigate human-elephant conflict



*Searching for a candidate animal for intervention*



*Ear notching: fitting of horn transmitter and microchips*



*An Ear-notched rhino, fitted with a VHF transmitter*



*Collar deployment in lion for enhanced monitoring*

*Figure 11: Pictorial presentation of the identification and deployment of various interventions to enhance wildlife monitoring*

## 18. Conclusion and recommendations

There is need:

- To enhance budgetary support to enable regular population surveys using appropriate methodology.
- To roll out training on law enforcement need assessment and Monitoring of Illegal Killing of Elephants (MIKE).
- For budgetary and political support for development, adoption and implementation of a National human wildlife conflict mitigation strategy/guidelines.
- To enhance collaboration with stakeholders for management of wildlife outside protected areas.
- For budgetary support to equip field units with necessary skills and equipment.

## PARKS, RESERVES AND COMMUNITY WILDLIFE SERVICE AND DEVOLUTION

Wildlife conservation and management is the principal mandate of the Kenya Wildlife Service, supporting a critical dimension of the socio-economic development as well as preservation of Kenya's natural heritage. For example, it is estimated that wildlife conservation and management contributes about 20% of the country's GDP, making wildlife an important natural resource that forms a critical economic pillar of Kenya. To achieve its noble conservation mandate, the Service has adopted various conservation strategies that include but not limited to: 1) establishment of national parks, reserves and wildlife sanctuaries, 2) protection and conservation of wildlife outside protected areas, in liaison with communities and county governments, 3) supporting corporate social responsibility programmes, 4) public education and awareness, 5) licensing of wildlife conservation related activities, and 6) provision of technical advice and wildlife policy directions to the government, local authorities and landowners on the best practices on wildlife conservation and management and legislative direction outside protected areas. All these activities are undertaken through the division of Community Wildlife Service and Devolution.

Provision of community service through devolution of wildlife related activities to the county level is a strategy embedded in the Wildlife Conservation and Management Act 2013 and is meant to cascade the decision making process and promote active community participation in wildlife conservation and management outside protected areas. This philosophy is informed by the understanding that human population has led to increased land use pressure on predominantly wildlife areas and encroachment into protected areas. The absence of a land use policy and spatial plans in Kenya has led to unplanned sub-division of land with negative implications on wildlife dispersal areas and corridors. In the year under review, various activities were conducted by the Devolution and Community Service division in liaison with other stakeholders with the broad objective of addressing challenges facing wildlife conservation and management outside protected areas in Kenya. The stakeholders involved in wildlife management include the following: local communities, members of parliament, members of the county assemblies, opinion leaders, county administrators, NGOs, civil society, private ranchers, researchers and research institutions, and government departments at local level, among others.

### Key Functions and Goals of the Division

- Community education awareness creation, mobilization & extension services;
- Planning, coordination, implementation and monitoring of community based conservation projects;
- Creating strategic partnerships and building synergies in wildlife conservation efforts;
- Monitor the occurrences and develop mechanisms and innovative approaches to reduce human-wildlife conflicts.
- Licensing consumptive and non-consumptive wildlife utilization programmes.

To achieve these objectives, the Community Wildlife and Devolution division applied the following five strategic approaches during the 2017/2018 fiscal year, it:-

- i. Promoted positive human- wildlife co-existence.
- ii. Provided policy direction, guidelines and technical support to emerging wildlife conservation issues.
- iii. Enlisted community support for wildlife conservation through public education and awareness.
- iv. Strengthened community wildlife services, support to local communities and building their capacities to participate in wildlife conservation.



- v. Mitigated human-wildlife conflicts through active control of problematic animals and development of wildlife-proof barriers.

## Human/Wildlife Conflicts Incidences

Human-wildlife conflict remains an incessant problem in Kenya and poses a significant challenge to KWS and other wildlife conservation stakeholders. Human-wildlife conflicts are manifested through human deaths and injuries, livestock depredation, crop and property damage, spread of zoonotic and vector-borne diseases and disruption of socio-economic activities, with ramifications on the wildlife conservation and management efforts in Kenya.

Some of the factors promoting human-wildlife conflict include: 1) increased human population, 2) lack of spatial land use plans and a national land use policy, 3) climate change issues and 4) inadequate resources to address wildlife management issues. During the 2016/2017 fiscal year, a total of 5,462 cases of human-wildlife conflict (HWC) incidences were reported in the 47- administrative counties in Kenya. Fig. 1 gives a comparative analysis (breakdown of the types of HWC reported during this period. Compared with 2015 and 2016, the occurrences of human wildlife conflict incidences in 2017/2018 fiscal year represented a decrease in HWC incidences and were associated with factors such as increasing human population, climate change and rapidly changing land use practices. The 10 leading HWCs " hotspots" identified based on the number of incidences reported are as shown in Fig. 2.

*Fig. 1: A cluster of the types of human wildlife conflicts incidences reported in Kenya in 2017, and in comparison to 2015 and 2016.*

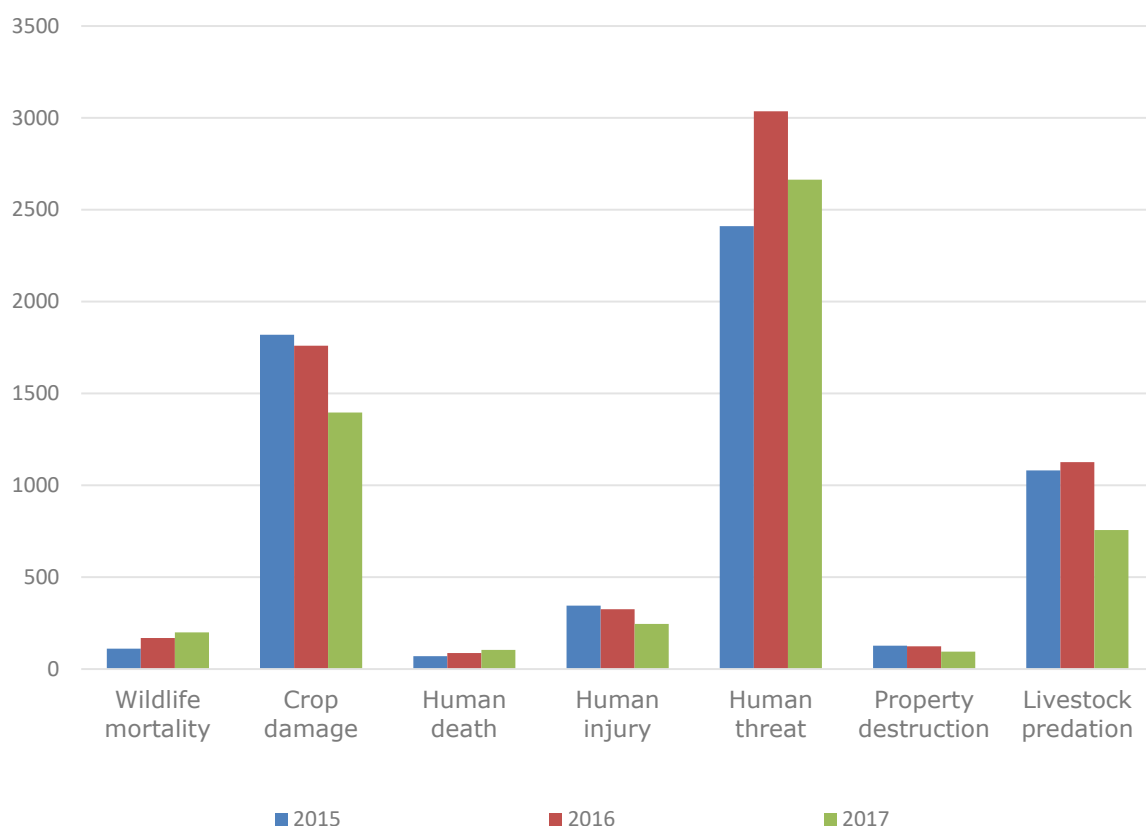
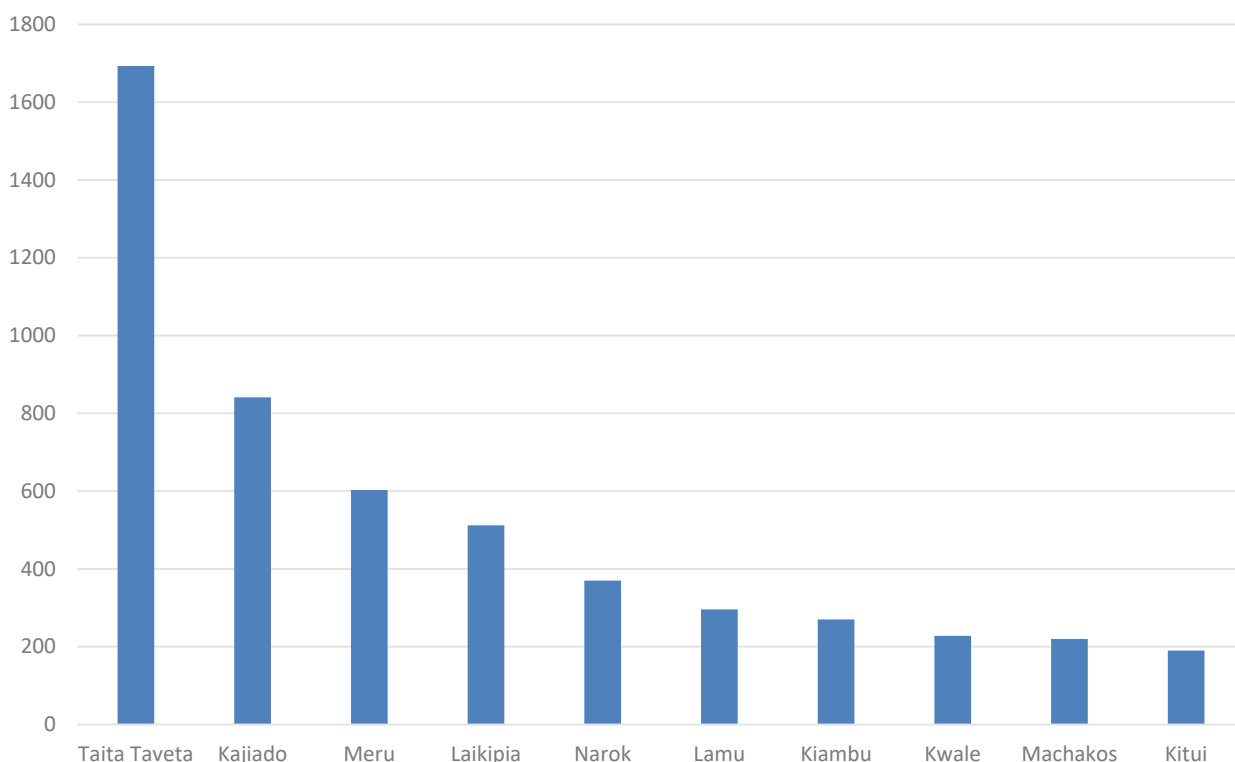


Fig. 2: A cluster of the frequency of HWCs incidences reported in 10 leading conflicts areas (Hotspots) in Kenya in 2017.



To control and mitigate HWCs and reduce the negative impacts on human co-existence and activities in Kenya, KWS initiated or completed the following projects and activities:

### 1. Erection of wildlife proof barriers such as electric fences:

Wildlife proof barriers were erected or maintained in areas where they were deemed as an appropriate solution to the persistent problem of damage to agricultural crops and property or threats to human livelihoods. During the period under review, KWS erected or maintained fences along the perimeter of various parks and community areas in Kenya that include: Lake Nakuru National Park, Northern part of Nairobi National Park, Mt. Kenya National Park, Shimba Hills National Reserve, Mt. Elgon and Aberdare National Park, Rumuruti forest and Taita Taveta, among others. However, challenges associated with fencing projects include:

- High cost of maintenance of the existing fences;
- High community (stakeholder) expectations about fencing;
- Environmental issues surrounding the impact of fences and wildlife dispersal mechanisms;

To enhance stakeholder collaboration, KWS also works closely with County Governments administration in dealing with the human wildlife conflict cases. Since erecting and maintaining electric fences is an expensive venture, KWS continues to seek private-public partnerships in fencing projects (PPP). The service also continues to encourage communities to employ alternative methods of mitigating human wildlife conflicts.

### 2. Active problem animal control and translocation of wildlife

KWS has active problem animal control units stationed at various KWS community wildlife stations and county administration offices and outposts in various parts of Kenya. The service also established and equipped a specialized problem animal management unit (PAMU), which

acts as a rapid response unit to severe cases of human wildlife conflicts. The role of the rapid response team is to also beef up the local problem animal control teams in all CWS stations, enhancing the capacity of KWS to manage HWCs. Problem Animal Management Unit (PAMU) has been split into smaller effective units and deployed to the following identified conflict “hot spots”:-

- Laikipia
- Narok/Transmara
- Tsavo East & West (Taita Taveta, Rombo, Njukini)
- Lamu (Mpeketoni, Witu)
- Imenti South (Meru)
- Amboseli

### **3. Facilitating payment of wildlife compensation claims**

Payment of wildlife compensation claims is the prerogative of the National Government. However, facilitation and processing of wildlife compensation claims by the county wildlife conservation and compensation committees in the 47 counties is done through the KWS CWS stations in various parts of the country. Payment of the claims has been identified as one of the means of mitigating HWCs. In the year 2017, 61 cases of human death caused by wildlife species were processed and compensated at a total of Kes. 228 million. Because of the high compensation claims lodged, the Service undertook a review of the wildlife compensation regulations to provide guidelines for the compensation process.

### **4. Corporate Social Responsibility (CSR) programmes and community enterprise.**

The principle behind CSR projects in KWS is to give incentives to the local people who live in wildlife areas (dispersal areas, & corridors) and who either tolerate wildlife or bear the cost of wildlife or of “opportunity costs” such loss of farming activities leading to loss of livelihoods. CSR projects supported by KWS are in three thematic areas comprising of education, health and environmental (water or re-afforestation) enterprises. For example, in education related projects, the service supports projects, especially in hardship areas, such as construction of classrooms and school administration blocks to enable young people in wildlife areas to access education through wildlife initiatives. The service also supports provision of bursaries to a tune of Ksh. 20 million per year in Tsavo-Amboseli ecosystems as benefit sharing.

Similarly, in the year 2017, community enterprise projects were initiated in various areas in Kenya such as:

- i. To increase space for wildlife outside protected areas, over 200 conservancies supported by KWS are operational across the country. The recent formation includes three more conservancies which have been created through KWS and NRT partnership in Marsabit county, these include; Shurr, Songa and Jaldessa, in a bid to open up tourism in the north.
- ii. To create a contiguous dispersal area for wildlife management in Kenya, the conservancies in Amboseli ecosystems, spearheaded by Amboseli Land Owners Conservancy Association (ALOCA), have merged to form a contiguous network of dispersal areas that link Amboseli and Chyulu National Parks.

### **5. Wildlife conservation stewardship**

The Wildlife Conservation and Management Act, 2013 (the ‘Act’) came into force on 10th January, 2014. Section 116 of the Act outlines several regulations that are required for effective enforcement of the Act. Emerging issues from the Act necessitated the urgent need for wildlife

regulations. The approval of the draft regulations and further public participation, in line with the constitution, shall facilitate submission of the drafts to the National Assembly for further discussion and subsequent enactment through publication in the Kenya Gazette by the Cabinet Secretary, Ministry of Tourism and Wildlife.

## 6. Management of Honorary Wardens

The community service and devolution division continues to oversee the supervision of honorary wardens as envisaged in the Wildlife Conservation and Management Act, 2013. During the year under review, KWS received commendable reports from the Honorary Warden participation in conservation activities, such as: -

- i. Facilitation of joint security patrols, especially in Amboseli and Northern conservation areas.
- ii. Enhanced security of wildlife, in and out of the protected areas, through de-snaring training and capacity building for rangers.
- iii. Increased space for wildlife through creation of wildlife conservancies, for example Marula Ranch created by Francesco Netto in Naivasha.
- iv. Provision of structural and technical support for wildlife security operations.
- v. Coordination of logistics for joint operations and mountain rescues, as witnessed in Mt. Kenya.
- vi. Provision of funds for training community rangers.
- vii. Collection and verification of intelligence information.
- viii. Increased marketing of KWS products

## Conservation Education and Extension

In the year 2017, Conservation Education Department carried out a number of activities that were aimed at creating awareness on the value of wildlife conservation with the ultimate aim of winning public support for conservation.

Conservation Education exhibition was carried out at Kenyatta University during their annual Student Career week which was driven by the theme, "Enhancing Entrepreneurship and Employability Skills for Career Development". During the exhibition, the students were exposed to the wildlife industry in terms of wildlife enterprise through wildlife farming and responsible tourism, community based wildlife management, use of ICT in wildlife management, internship and volunteer programs at KWS and employment opportunities in the wildlife industry.

Similar exhibition was organized at Kenyatta International Convention Centre (KICC) during the launch of the National Spatial Plan (NSP) by the Ministry of Land and Physical Planning.

The NSP is Kenya's first ever spatial vision and it defines the general direction and trend of spatial development for the country as envisioned by Kenya's Vision 2030. The aim of the plan is to create a spatial planning context that enhances economic efficiency and strengthens Kenya's global competitiveness, promotes balanced regional development for national integration and cohesion, optimizing utilization of land and natural resources for sustainable development, creating liveable and functional human settlements in both urban and rural areas, securing the natural environment for a high quality of life and establishing an integrated transportation network and infrastructure system. The event provided an ideal platform for KWS to demonstrate to the policy makers and general public that wildlife conservation is a valid and major land use. This will justify the need for the preservation of natural ecosystems and allocation of more space for wildlife conservation purposes.



There have been increasing concerns about bringing a balance between economic development and environmental conservation. This has therefore increased calls from all sectors ranging from development partners, government agencies, private sector, Non-Governmental Organizations and even religious institutions on the need to embrace sustainable economic development that is compatible with environmental conservation so as to promote peaceful coexistence. Despite the numerous efforts, there have been conflicts over natural resources. In recent decades debates about the relationship between the environment and peace have focused on how environmental problems like resource scarcity and climate change are likely to create conflict. So far, there has been an increasing awareness created among the members of the public including the youth in learning institutions. The awareness programmes help in creating an understanding on the link between peace and environment.

In-order to enhance peace and conservation, the KWS Conservation Education Department partnered with the Centre for Social Justice Ethics of the Catholic University of Eastern Africa (CSJE-CUEA), The Kenya Conference of Catholic Bishops- Justice and Peace Commission, Mother Earth Network (M-e-net), Kenya Interfaith Network on Action for Environment Action (KINAE), Uwiano platform for Peace among other partners to carry out a youth sensitization program called Interfaith forum at the Catholic University of Eastern Africa between September 29th-30th, 2017.

The forum brought together hundreds of youths from different religious backgrounds as well as learning institutions with an aim of familiarizing themselves on the contribution of peaceful environment in achieving sustainable economic development goals as well as to create awareness among the youths on the firm link between peace and the environment.

The most exciting conservation education activity during the year was The Global Festa Exhibition that took place in Tokyo –Japan. The exhibition was organized by EX-JICA volunteers. Former KWS and JICA Advisors Mr. Saigawa and Mr. Fumio Kinoshita formed a non-profit group comprising of Japanese ex-volunteers and ex-experts who had served in the wildlife authorities in African countries. They named the group “PUKU” after a medium-sized antelope the Puku because of its decreasing population whose conservation status is near threatened, and also to use the platform for conservation awareness.

Puku is a gregarious antelope living in small herds. Its habitat is limited wet grasslands in Zambia, Namibia, Tanzania, and southern Democratic Republic of Congo. It's less similar-sized to impala with males having half a meter long ridge-structured horns. An adult PUKU weighs about 70kg. The social system is centralized on adult males maintaining and defending territories.

The objectives of “The PUKU” in the expo was to introduce the activities of Zambia and Kenyan National Parks and share the experience of each JICA volunteer and experts who have worked with Zambia Wildlife Authority (ZAWA) and KWS respectively to the people of Japan using video, photos, texts and oral explanation.

The September Global Festa 2017 was held at a bay area in Tokyo. KWS Conservation Education banners printed posters worked very well to catch the eyes of people. They also put KWS branded merchandise up for sale. They had organized for the posters and merchandise to be bought from Kifaru shop and shipped to them well in advance before the expo.

The JICA Volunteer Festival is a great opportunity to share conservation education awareness information to the Japanese people. With the past expos, the PUKU has had satisfying results. This is because the past expos have contributed to increasing participants. It has also served an exceptional opportunity whenever possible to participate/support PUKU initiative as an avenue to showcase contemporary KWS conservation activities.



The Agricultural Society of Kenya annual trade fairs/shows play a vital role in economic development in Kenya through their significant support to the agricultural sector towards realization of Vision 2030. The ASK shows offer opportunities for regional, continental and global exhibitors to display and demonstrate their services and products. They also offer show visitors an opportunity to meet people from different countries and backgrounds, hence creating a platform for interaction and exchanging of ideas and experience. The theme of the year's show was "promoting innovation and technology in agriculture and trade".

Conservation Education Department in collaboration with other departments in the organization and conservation stakeholders participated in a number of these ASK shows during the year 2017 key among them being Nairobi International Trade Fair, Nakuru National Show, Mombasa, Mt. Kenya ASK branch Show- Nanyuki, Central Kenya Branch – Nyeri and Kitale ASK shows. The main aim of KWS participation in these shows was; to sensitize the public and International community on wildlife conservation and also to market KWS parks and reserves and showcase her products.

During the ASK shows, KWS scooped various awards as stated below;

- Mombasa show- Best stand demonstrating Application for Environmental Quality Standards – Third position.
- Mt. Kenya Branch, Nanyuki- The Best Non Agricultural Based Statutory Board Stand ( First Position)

The climax of Conservation Education activities was a one day stakeholder's workshop that was held on 21st November with a view to networking with our partners so as to achieve conservation goals. The workshop brought together a total of twenty eight (28) participants from different organizations that had fruitful deliberations on Conservation Education strategies and also identified possible areas of collaboration which if implemented can positively contribute towards reinforcing Conservation Education since it is an important management tool in wildlife conservation. The workshop saw the formation of a Conservation Education forum which will promote synergies among different organizations that would drive Conservation Education to meet conservation challenges of 21st century.

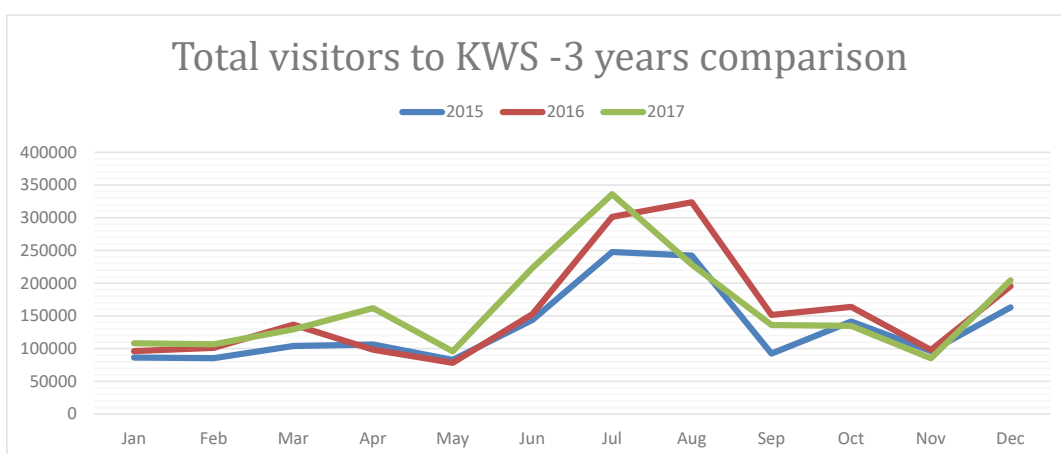
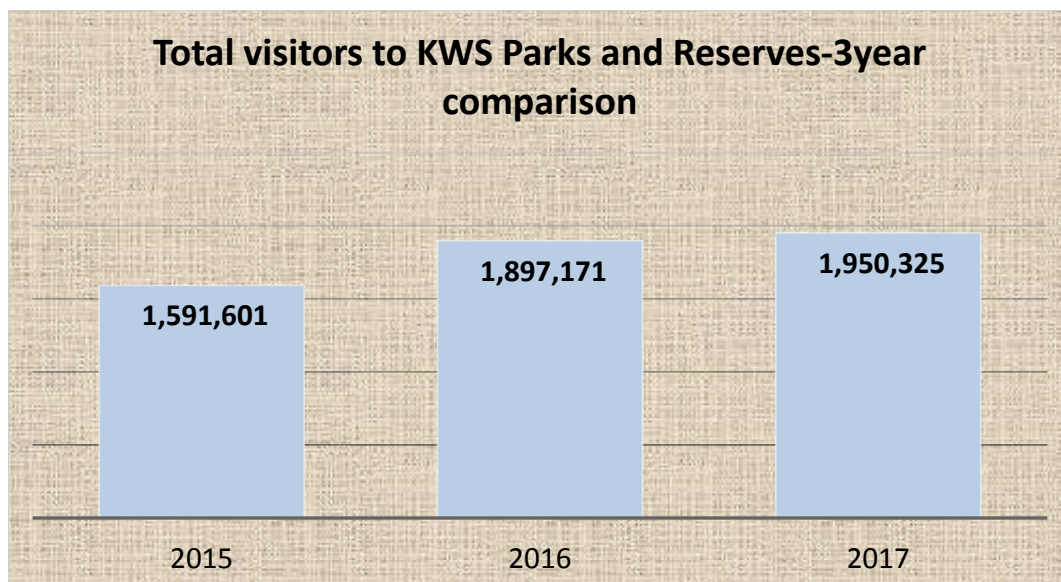
## SERVICE DELIVERY

### TOURISM RESEARCH AND BUSINESS DEVELOPMENT

The Kenya Wildlife Service (KWS) continues to play an important role in tourism development towards the achievement of vision 2030 in almost all the pillars, especially economic pillar. The economic pillar aims at improving the prosperity of all Kenyans through an economic development programme covering all the regions in Kenya. Under the tourism sector, KWS contribution in increasing quality hotel beds is significant. It also contributes to Kenya's quality tourism products which lead to increase in domestic, regional and international visitors.

#### KWS Parks' visitor trend

Total visitors to KWS parks have continued to improve over the last three years. The year 2017 recorded an increase of 2.8% over 2016. The increase is attributed to improved visitor experience and aggressive marketing. The main drivers for increased visitation are the citizens and international visitors (non-residents).



The total satisfaction index was 83%, an increase from the 77% of 2016. Improvement was noted in the area of quality of service, reception and courtesy of staff. This increased visitor experience in KWS parks in 2017.

## Tourism Development

KWS continued to implement activities falling under two main flagship projects, Premium Parks and Under-utilized Parks initiatives. The initiatives focused on improving the standard of tourism facilities to match the premium status of these parks. This was done through further Improvement of Makalia Public Campsite. The plan for constructing cooking shed was started with site identification and drawings.

Construction of high end eco-lodge as well as maintenance of about 50Km of road in Lake Nakuru were completed. Other projects included improvement of Lion Hill picnic sites with replacement and updating of information board and signages in Amboseli. In addition maintenance of about 100km road within Amboseli National Park was undertaken. These projects are expected to improve the quality of service to visitors and hence ensure they get value for their money.

The underutilized parks are those that are less visited. The underutilized parks initiative is aimed at increasing visitation to these parks hence reducing pressure on premium parks. It also ensures that wealth creation through tourism is spread across all the eight conservation areas. This was done through initiating development of a new public campsite in Mombasa Marine to encourage domestic tourists to visit marine parks; improvements of Nairobi Safari Walk to ensure it continues to provide a brief taste of Kenya's wildlife habitat diversity. Nairobi Safari walk Minimuseum building was repaired and painted. Approximately 818 km roads was also maintained in various underutilised Parks.

KWS experienced low cash flow hence most of the projects were not completed and were carried forward to 2018.

## Eco Lodges

One high end eco camp was completed in Lake Nakuru National Park. It is owned by Africa Eco Camp Group of Companies. The company also has three high end facilities in Maasai Mara National Reserve, where they offer balloon safaris. The Cliff Eco Camp is a twelve bed high end eco-lodge. It is an addition to the four already established private facilities providing high quality accommodation services to Lake Nakuru Park visitors. It also adds to the total number of quality beds in Lake Nakuru National park to 394.



The Cliff Eco Camp,  
L. Nakuru Park

## MARKETING OF KWS PARKS AND RESERVES

In 2017 one of KWS major focus was growing the domestic market numbers to generate sustainable revenue for the organization. A domestic tourism survey was conducted by Kenya Tourism Board to explore key activities and experiences other than the traditional wildlife viewing within parks and reserves.

There was concerted effort towards promoting adventure and lesser visited parks which saw an increase in visitation to these parks. The major activities that contributed to realization of this objective included the following;

## TEMBEA KENYA TRAVEL FEST MALL ACTIVATION 2017

In partnership with Kenya Tourism Board, we implemented an experiential on-ground activation in leading Shopping malls in the country as one of the ways to directly engage consumers. They included:





## HOLIDAYS 2017 TOURISM FAIR

Our participation was to create brand awareness, engage with consumers and entice them to visit our parks during holidays. Additionally, it was an ideal opportunity to inform customers on other activities in our parks such as mountaineering, hiking, horse riding, rock climbing, picnicking, cave tourism, camping, among others

## TOUR CONSULTANTS/BLOGGERS FAM TRIPS

We also conducted a familiarization exercise for Tour Consultants/Bloggers at Nairobi National Park. The tour planners (Tour Consultants) have a lot of influence in terms of being the link between would-be clients and our products. The bloggers included renowned influencers who we leverage on to communicate our message to the general public. Travel blogs are an inexpensive means to gather rich, authentic, and unsolicited customer feedback. The park featured in many of their itineraries, translating to improved sales of the park, thus increased revenue for KWS.

Together with KTB, we conducted an elaborate Tour Operators FAM trip to western Kenya. The objective was to showcase and sample the attractions within the Western Circuit. The tour exposed the participants to Kakamega Forest National Park and Ruma National Park.

## TOUR OPERATORS TRAININGS

To empower tour operators, specifically the tour consultants, travel executives and product managers, KWS conducted extensive trainings in various towns. The targeted group prepares itineraries, thus has a lot of influence of the parks visitors will visit.



## MAGICAL KENYA TOURISM EXPO 2017

Kenya Wildlife Service brand visibility in this crucial international event ensured that the hosted buyer from the source markets (Europe, America, Asia, Middle East and Africa) met and had one-on-one conversation with the marketing team at Magical Kenya Tourism Expo. Scheduled meetings with the hosted buyer presented an excellent opportunity for KWS to sell her parks, reserves and products therein; park activities such as hiking, horse riding, rock climbing, picnicking, cave tourism, camping, accommodation, among others.

The Travel Trade participants were impressed with KWS Conservation approach as it created curiosity and hence engagement with the hosted buyers. Several meetings were held with the prospective buyers and also separate meetings with:

- East African Travel trade
- Journalists and Bloggers
- Marketers (Expedia portal)
- Business to Business

## SOCIAL MEDIA ACTIVATION CAMPAIGNS

The KWS Social media platforms have steadily grown in terms of audience and engagement. This is as a result of better content management and execution of social media campaigns revolving around the initiatives listed above and below.

Different campaigns were undertaken in the year:

### Conservation Campaigns

#AerialSurvey of Elephants and other large mammals  
#WorldWildlifeDay –Pushing #YoungVoicesForWildlife  
#WorldRangerDay  
#WorldTourismDay

### Tactical Marketing Campaigns

Valentines Campaign - #LovelsASafari  
#EastAfricanClassicRally  
#DiscoverKWSParks  
#BigFiveStamp  
#SafariCardRelaunch

### National Day

#JamhuriDay  
#MadarakaDay  
#HeroesDay  
#ChristmasDay

## MARKETING PARTNERSHIPS

- Cake Festival
- Art in Wild
- Hells Gate Half Marathon
- Color Run Event
- East African Rally
- Capital Kids Event
- The Big Five stam

## CUSTOMER SERVICE: PUTTING OUR CUSTOMERS FIRST

Speedy and meticulous resolution of Public complaints is just one among many of the departmental achievements during the period under review. This was realized through our belief that seamless customer experience is a journey which can only be accomplished through consistent service which replicates across the entire KWS service points and customer touch points.

Our insatiable quest of meeting and surpassing Customer expectations across our conservation areas remained our prime motivator. This proactive and devolutionary approach to quality service delivery saw marginal growth in customer satisfaction index by two percentage points; from 83% to 85% and favourable public complaint resolution compliance ranking for the year 2017-2018, by the Commission on Administrative Justice.



Noteworthy were issues such as improved tour circuits and park road network, upgraded washrooms in prime parks' picnic sites, hence improved customer experience. Revenue collection system at various customer contact points was improved across KWS Parks, following the approval for the acquisition of a more versatile and customer centric revenue management system. The forecast is that this system will reduce service cycle time to acceptable level, as well as provide dependable customer relation management platform.

Website live chats were introduced, which is intended to improve accessibility to information about KWS products and services to existing and potential clientele. Extension of Call centre operations to 24-hour service shall afford our esteemed clientele more avenues to interact and transact with us in a journey toward transforming this facility to a fully fledged customer contact centre.

These time conscious service approaches are geared towards empowering our clients to feel more confident, which will then translate to KWS having a competitive advantage over similar products offered by other concerns.





# REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2017



*“Birds are indicators of the environment. If they  
are in trouble, we know we’ll soon be in trouble.”*

*~Roger Tory Peterson~*

Prepared in accordance with the Accrual Basis of Accounting Method under the  
International Financial Reporting Standards (IFRS)



## I. CORPORATE INFORMATION

### Background information

Kenya Wildlife Service (KWS) was established by the Wildlife Conservation and Management Act, 1989 (now repealed and replaced by Wildlife Conservation and Management Act, 2013). The overall mandate of KWS is to conserve and manage wildlife in Kenya.

### Our Vision

Save the last great species and places on earth for humanity.

### Our Mission

Sustainably conserve, manage and enhance Kenya's wildlife, its habitats and provide a wide range of public uses in collaboration with stakeholders for posterity.

### Corporate Values

KWS has adopted four main corporate values, which serve as guiding principles in the provision of quality and acceptable services to our customers. These values include;

- Passion
- Professionalism
- Innovation
- Quality

### Principal Activities

The principal activity of the KWS is to sustainably conserve, manage and enhance Kenya's wildlife and its habitats, and provides a wide range of public uses in collaboration with stakeholders, in pursuit of this commitment;

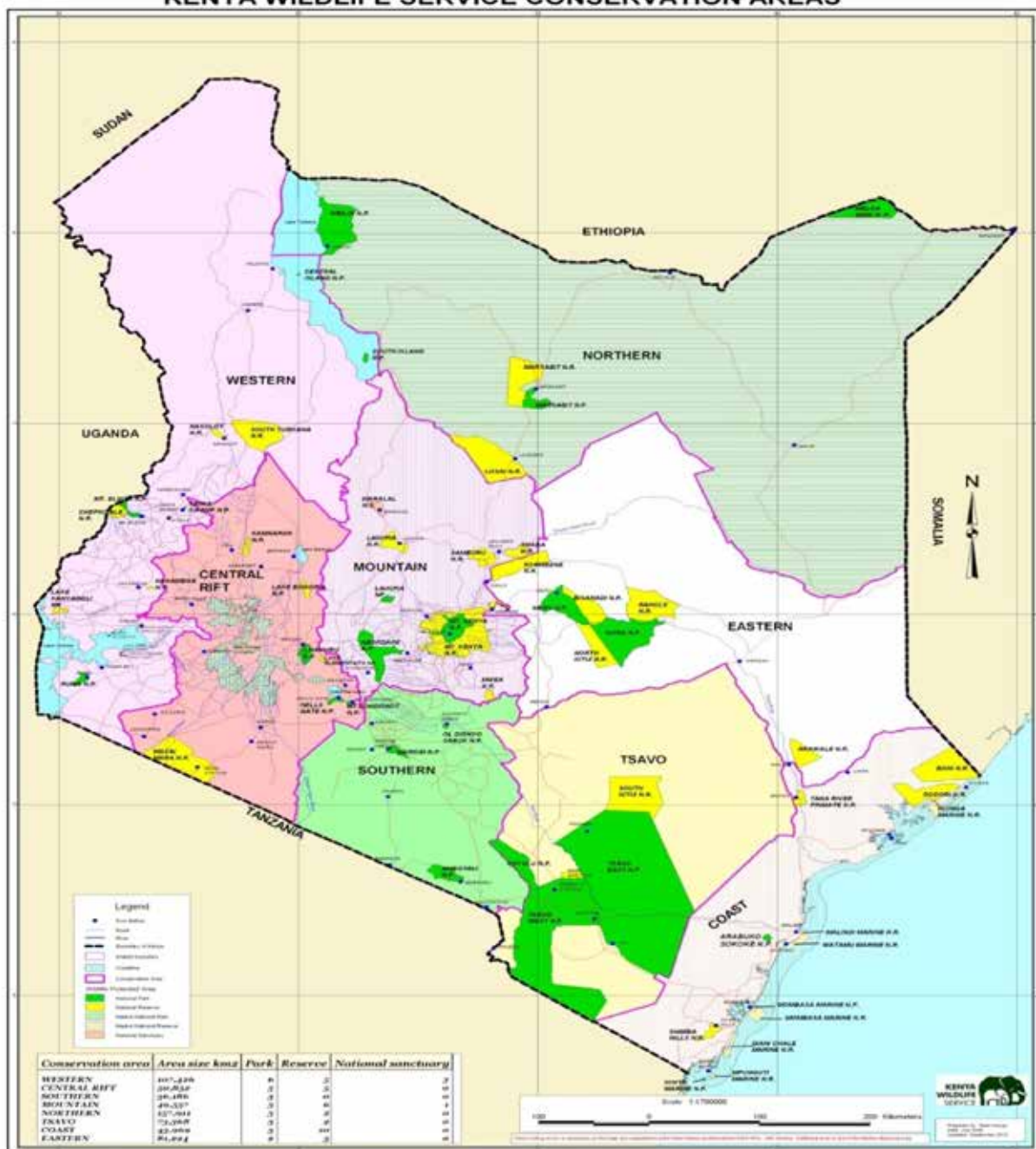
### We shall;

- Understand our customer and stakeholder challenges, and identify their requirements.
- Continually improve our products and services to meet and exceed customer expectations.
- Ensure that objectives are established and implemented at relevant levels in line with the set strategic directions.
- Improve the effectiveness of the Quality Management System.
- Ensure that this policy is well communicated and reviewed for continued suitability.

### Area of operation

The Service operates 23 National Parks, 29 National Reserves, 6 Marine National Parks, 6 Marine National Reserves and 6 National Sanctuaries. KWS is divided into 8 regions, headquarters and three semi-independent institutions for ease of administration. These include: Western conservation, Central Rift conservation, Southern conservation, Mountain conservation, Northern conservation, Tsavo conservation, Coast conservation, Eastern conservation, Main headquarters, Airwing, Kenya Wildlife Service Training Institute (KWSTI) and Law Enforcement Academy-LEA (Manyani). Figure 1 below shows the location of these conservation areas.

## KENYA WILDLIFE SERVICE CONSERVATION AREAS



### Key Management

The day-to-day management of the Service is entrusted to the Director General who is the Secretary to the Board and Chief Executive Officer of the Service. The Director General is assisted by a management team of Deputy Directors. The Service is classified as a State Corporation under PC 3A.

### Fiduciary Management

KWS is managed by a ten (10) member Board of Trustees, comprising of four (4) Government representatives, five (5) independent members, and the Director General who is the Secretary to the Board and Chief Executive Officer of the Service.

The terms of the current membership of the Board of Trustees are shown below;

## CORPORATE INFORMATION (CONTINUED)

### Board of Trustees

The Trustees who served Kenya Wildlife Service Board during the year and to the date of this report were as follows:

Dr. Richard Leakey, EGH	Board Chairman	Appointed on April 17, 2015
Mr. Peter Kinyua	Board Vice Chairman	Appointed on April 17, 2015
Mr. Brian Heath	Board Member	Appointed on April 17, 2015
Mr. Tom Lalampaa	Board Member	Appointed on July 1, 2015
Ms. Nancy Saumu Pite	Board Member	Appointed on July 1, 2015
Mr. Arthur Nduati	Rep. Principal Secretary the National Treasury	
Mr. Gideon N. Gathaara	Rep. Principal Secretary Environment & Natural Resources	
Ms. Christine Mathu	Rep. Principal Secretary Devolution and Planning	
Mr. Henry Kipkosgei Barmao	Rep. General Kenya Police Service	
Mr. Kitili Mbathi	CEO/Board Secretary	Appointed on 1 Feb, 2016

### Corporate Secretary

Mr. Leonard Maingi  
P.O. Box 40241-00100  
Nairobi

#### 1. REGISTERED OFFICE

KWS Complex Langata Road  
P.O. Box 40241  
GPO 00100  
Nairobi, Kenya

#### 2. INDEPENDENT AUDITOR

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084 GPO 00100 Nairobi, Kenya

#### 3. PRINCIPAL LEGAL ADVISOR

The Attorney General State Law Office  
Harambee Avenue  
P.O. Box 40112 City Square 00200 Nairobi,  
Kenya

#### 4. BANKERS

a) Kenya Commercial Bank Limited  
P. O. Box 484000 GPO 00100  
Moi Avenue Branch Nairobi

b) Standard Chartered Bank Kenya Limited  
P.O.Box 30003-00100 Langata Branch  
GPO 00100 Nairobi

c) Equity Bank Limited  
Upper Hill  
P O Box 75104 City Square 00200 Nairobi

d) Cooperative Bank of Kenya  
Business Centre ,Ngong Road  
P.O.Box 30415 GPO 00100 Nairobi

e) City Bank  
Upper Hill  
P.O.Box 30711 GPO.00100 Nairobi

f) Commercial Bank of Africa Limited  
Upper Hill  
P.O.Box 30437 GPO 00100  
Nairobi

## II. THE BOARD OF TRUSTEES



**Dr. Richard Leakey, FRS**  
Chairman, Board of  
Trustees

Dr. Richard Leakey is a world-renown wildlife conservationist. He holds the following qualifications and honors amongst others;

- Fellow of the Royal Society (FRS)
- Fellow of the American Academy of Arts and Sciences
- Fellow of the European Academy of Sciences
- Prof. Anthropology, Stony Brook University
- Honorary Doctorate, Cambridge University
- 13 other Honorary Doctorates

He is also the Chairman of the International Board for the Turkana Basin Institute and the Chairman of Transparency – Kenya. He has served in the following capacities: Director KWS; Member of Parliament; Head of Civil Service; Vice Chairman KWS and now Chairman of KWS Board



**Mr. Peter Kinyua**  
Vice-Chairman, Board of  
Trustees

Mr. Peter Kinyua graduated from Salve Regina University in May 1986 with a Bachelor of Arts and Science Degree. He is a coffee trader by profession and has been exporting coffee for over 25 years. He is a member of Mild Coffee Traders Association and the founder Chairman of Kenya Coffee Traders Association.

He has been a Director of Coffee Board of Kenya. Currently he is a coffee farmer in Juja, Kenya and has a passion for conservation. He has raised a substantial amount of money for conservation through Rhino Ark. He is currently the Chairman of Kenya Forest Service Board.



**Mr. Brian Heath, OGW**  
Trustee

Mr. Brian Heath Holds an MSc in Tropical Animal Production and Health from Edinburgh University.

He is the Chief Executive Officer of the Mara conservancy; the first Public/Private sector partnership in conservation management in Kenya. He is also the Chairman of Seiya Ltd, a private conservation management company managing three Conservancies in the Mara Region and also Chairman of the Mara Elephant Project, a donor funded organization working in elephant conservation in Mara.

He was awarded the Order of the Golden Worrier (OGW) in 2013 for his work in conservation. He has 45 years' experience in wildlife and livestock management in Kenya.



## THE BOARD OF TRUSTEES



**Mr. Tom Lalampaa**  
Trustee

Mr. Tom Lalampaa holds a BA in Social Work, an MBA in Strategic Management and MA in Project Planning and Management from the University of Nairobi. He is currently pursuing a PhD programme

He is the Chairman of Kenya Wildlife Conservancies Association (KWCA) a national umbrella body for community and private conservancies in Kenya. He is also the Chief Operations Officer for Northern Rangelands Trust (Trust), an umbrella organization currently supporting 33 community conservancies in Kenya. He has enormous experience in conservation management.

He was the winner of the Tusk Award for Conservation in Africa for 2013.



**Ms. Nancy Saumu Pite**  
Trustee

Ms. Nancy Saumu Pite holds a Bachelor's of Science degree in Forestry from Moi University.

She is currently a Senior Technical Manager with Tree Biotechnology Programme Trust (TBPT). She is a skilled community mobilizer and a passionate conservationist with significant experience in the community based forest and marine ecosystem management having worked with communities around Arabuko Sokoke and Mkwirow, Majoreni, Shimoni and Vanga Marine Conservation Areas.



**Mr. Gideon N. Gathaara**  
Representative PS,  
Ministry of Environment  
and Natural Resources

Mr. Gideon N. Gathaara holds a Bachelor of Science degree and a Master of Science degree. Currently he is the Conservation Secretary - Natural Resources, State Department of Environment & Natural Resources.

Previously he worked as the Conservation Secretary, Ministry of Forestry and Wildlife. He has also held other positions in government, including the following: Director of Policy - Ministry of Environment, Chief Conservator of Forests, Acting Chief Conservator of Forests, and Forest Programme Coordinator, Kenya Wildlife Service.

## THE BOARD OF TRUSTEES



**Christine Mathu**

Representative: PS  
Ministry of Interior and  
Coordination of National  
Government

Ms.Christine.N Mathu holds a Bachelor of Arts Degree in Economics and Government from University of Nairobi and a Master's in Business Administration (MBA) from ESAMI/Maastricht.

She has over fourteen years' experience in the Human Resource Management area and is currently the Ag.Deputy Director HRM in the Ministry of Devolution and Planning, State Department of Devolution. She is also the focal point/Team Leader for coordination of development partners on devolution matters under the USAID/AHADI in the Department.



**Mr. Arthur Nduati**

Representative; PS, The  
National Treasury

Mr. Arthur Nduati holds a Masters of Business Administration Degree from JKUAT. He is a Certified Public Accountant of Kenya (CPA, K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

He has over 12 years' experience in Public Finance Management and is currently a Senior Assistant Director of Budget at the National Treasury. Previously, he was Head of Finance in the Ministry of Youth Affairs and Sports, Ministry of Immigration and Registration of Persons and Office of the Director of Public Prosecutions.



**Mr. Henry Kipkosgei**

Barmao Representative:  
Inspector General of  
Police

Mr. Henry Kipkosgei Barmao is a career policeman with over 35 years of experience. He has attended many certificate courses in strategic and leadership areas relating to law enforcement including Protection of Civilians; Crisis and Major Events Management; Prevention and the Punishment of the Crimes of Genocide, Crimes against Humanity and all forms of Discrimination as well as Election and Conflict Early Warning among many others. He also served for one year as Liaison Officer of the Siera Leone UN Contingent Mission where he was Commander.

He is currently the Deputy Director Operations at Vigilance House - the Kenya Police Service Headquarters, Nairobi.

### III. MANAGEMENT TEAM



**Mr. Kitili Mbathi**  
Director General

Mr. Kitili Mbathi is the Director General of the Kenya Wildlife Service. He holds a BA from University of Michigan, Masters in Banking and Finance from Milan, Italy.

He joined the Service on 1st February, 2016 from CFC Stanbic Bank Limited where he has served as the Regional Director for East Africa since September 2008.

He served previously as Investment Secretary in The National Treasury.



**Mr. Julius K. Kimani,**  
HSC, ndc (K) Deputy  
Director Parks and  
Reserves

Mr. Julius Kimani is the Deputy Director Parks & Reserves. He is a career wildlife conservationist and holds a Diploma in Wildlife Management obtained from Egerton University as well as a Diploma in International Studies from the University of Nairobi. He has twenty eight (28) years' experience in wildlife conservation & management in the Service.



**Mr. William Sing'oei**  
Deputy Director Security

Mr. William Sing'oei is the Deputy Director, Security. He has attended Senior Police Management Course at Kenya School of Government, Kabete as well as other higher and middle management Police Training Courses. He is a long serving Police Officer in Kenya's National Police Service having served for ten years in middle management and fifteen years in Senior Management levels.

He has been seconded to KWS since November 2015.

## MANAGEMENT TEAM



**Dr. Samuel Kasiki, PhD,**  
OGW  
Deputy Director  
Biodiversity Research &  
Monitoring

Dr. Samuel Kasiki is the Deputy Director Biodiversity, Research and Monitoring. He holds a PhD in Ecology, a MSc. in Conservation Biology and a BSc. in Botany and Zoology

He has twenty nine (29) years' experience in the Service.



**Mrs. Lynette Muganda**  
Deputy Director Human  
Capital

Ms. Lynette Muganda is the Deputy Director, Human Capital. She holds a Master of Business Administration Degree, a Bachelor of Arts as well as a Postgraduate Diploma in Human Resource Management. She is member of the IHRM.

She has three (3) years' experience in the Service.



**MR. Edwin Wanjala  
Wanyonyi**  
Ag. Deputy Director  
(Strategy & Change)

Mr. Edwin Wanyonyi is the Ag. Deputy Director Strategy & Change. He holds an MBA in Strategic Management and a Bachelor of Business Administration. He is a member of the Kenya Institute of Supplies Management, Kenya Institute of Management and currently pursuing PhD in Management. He has ten (10) years' experience in the Service.





### III. MANAGEMENT TEAM



**Eng. Benson Wamaya**  
Ag. Deputy Director  
Corporate Service

Eng. Benson Wamaya is the Ag. Deputy Director Corporate Services. He holds a MSc. and a BSc. in Civil Engineering. He has twenty (20) years' experience in the Service. Prior to joining KWS he had worked for the Ministry of Public Works for Thirteen (13) years. He is also chairman of Kewisco Sacco.



**Mr. Francis Mwaita**  
Ag. Deputy Director  
Finance & Administration

Mr. Francis Mwaita is the Ag. Deputy Director, Finance and Administration. He holds a Masters Degree in Business Administration (Finance) and a Bachelor of Education Science (Statistics). He is an ACCA finalist and Affiliate Member. He has fifteen (15) years' experience in the Service.



**CS Leonard Maingi.**  
Corporation Secretary

CS Leonard Maingi is the Corporation Secretary. He is a member of the institute of Certified Public Secretaries of Kenya and the Law society of Kenya. He attended the law schools of the university of Houston and the University of Nairobi.



#### IV. CHAIRMAN'S STATEMENT

It is a great honour for me to present the Kenya Wildlife Service's (KWS) financial statements for the year ended June 30, 2017. KWS is charged with the overall mandate of conserving and managing wildlife across this great nation. This is a huge responsibility bestowed on the Service and thus calls for immense resource allocation.

The Board of Trustees has continued to discharge its duties of oversight to KWS during the period under review. During the year all board committees were functional. I am proud to report that key committees have been discharging their mandates appropriately, which has enabled the Board of Trustees to make informed decisions.

During the year under review, the Service discharged its mandate and I am proud to say that KWS made remarkable strides in the following key areas: reduction in poaching, mitigation of human wildlife conflict, undertook wildlife census in the Tsavo ecosystem, strengthening of anti-poaching units, undertook a review of the Service intelligence operations, rolled out the Digitisation of radio communication in three conservation areas namely Tsavo, Southern and Central Rift conservation areas and initiated the development of a robust strategic plan which will take the Service to the next level in partnership with stakeholders.

As is expected in any organisation during the period under review the Service was faced with numerous challenges in discharging its responsibilities. These include; under funding in critical activities, increased poaching threats, prolonged drought spell, increased human wildlife conflicts due to land use changes, pressure on wildlife dispersal due to population growth, habitat degradation and persistent livestock incursion in wildlife protected areas. These challenges have continued to impact negatively on wildlife conservation efforts in the country.

Despite inadequate budgetary allocation, the financial performance of the Service was impressive.

In summary, the Service realized total revenue of Kshs.5.5 billion compared to Kshs6.9 billion in the previous year. The total expenditure for the period was Kshs. 7.1 billion compared to Kshs7.6 billion spent during the same period in the previous year. As a result, the overall performance recorded a deficit of Kshs 1.5 billion compared to Kshs 571 million in 2015/16 FY. This is as a result of unrealised KeNHA funds of Kshs 800 million which had been approved in the budget. I applaud The National Treasury for supporting the conservation course by availing additional Kshs 500 million in the Supplementary Budget to support operations and staff salaries.

The development of the strategic plan which is at its final stages is expected to unlock the potential of the Service in resource mobilisation both internally and externally. Further, it is also expected to reengineer the cost structures in the current set up of the Service for efficiency and optimal deployment of available resources. However, it is worth noting that over time the resource allocation to the Service has not marched its mandate thus leaving the organisation with a huge funding gap which has ended up affecting quality of service delivery. This is critical and requires urgent redress given the ever increasing challenges in wildlife conservation in the country.

I therefore continue to appeal to The National Treasury through the Parent Ministry to urgently consider the issue of adequate budgetary allocation to KWS. Lastly, I wish to acknowledge and appreciate the great support given to the Service by Government, development partners and other stakeholders towards wildlife conservation efforts. I look forward to your continued support in the fulfilment of the conservation mandate. I would also like to thank the management and staff for their dedication and commitment to the Service.

**MARGARET W. MWAKIMA, PhD, CBS  
FOR CHAIRMAN**

## V. REPORT OF THE DIRECTOR GENERAL

Kenya Wildlife Service (KWS) has continued to discharge its mandate of wildlife conservation in line with the Wildlife Conservation & Management Act 2013. The year under review represents the final year of the implementation of the KWS 2012-2017 Strategic Plan. In 2016/17 FY the focus was in the following key areas: resource mobilisation, reduction in poaching threats, ecological restoration, strengthening human wildlife conflict mitigation, implementation of the wildlife act, institutional process review and staff welfare issues.

KWS main source of income is generated from tourism related activities and government grants. In addition the Service gets support from development partners who support various conservation activities. For the period under review KWS recorded a total income of Ksh 5.5 billion. This comprised of internal revenue of Kshs.3.2 billion compared to Kshs3.01 billion in the previous year, GoK subvention of Kshs 1.3 billion compared to Kshs 754 million in the previous period. Donor grants amounted to Kshs.901million compared to Kshs361 million in the previous period. It is important to note that donor grants include funds meant for Compensation of Kshs 230 million, SGR Environmental Restoration balance of Kshs94 million and drought mitigation funds of Kshs 71 million.

During the year under review the total expenditure amounted to Kshs 7.1 billion, compared to Kshs 7.7 billion in the previous year. The expenditure comprised of; Salaries and Allowances of Kshs3.9 billion while other Operating Expenses amounted to Kshs.3.2 billion. As a result the Service overall performance was a deficit of Kshs 1.5 billion compared to Kshs 571 million realized during the last financial year.

The total assets as at June 30, 2017 amounted to Kshs 10.billion comprising Property, Plant and Equipment (PPE) of Kshs 5.7 billion and Current Assets of Kshs 4.3 billion. The current liabilities on the other hand amounted to Kshs 2.8 billion. These liabilities include trade payables Kshs988 million, unexpended specific (unspent) donations of Kshs757million and Endowment funds of Kshs1.1 billion.

In General, the performance in the year under review for the Service indicates a huge funding gap which requires urgent redress. It is important to note that the Service has continued to realise deficits over the years which clearly indicates that the budgetary allocations have never matched the resource requirements despite consistent deployment of severe cost control measures.

This inadequate funding has become a serious bottleneck in wildlife conservation given the ever increasing challenges in this sector.

In an effort to address this situation the management has embarked on developing a new Strategic Plan which will clearly spell out priority areas for the next five years. It is expected that this plan will provide an opportunity to partners and stakeholders to contribute effectively in wildlife conservation.

Finally, I would like to acknowledge the Government for its continued support, the Board for strategic vision and guidance, our development partners and other stakeholders for their support for conservation. I also wish to commend the staff for their dedication and hard work.

  
**JULIUS KIMANI**  
**Ag. DIRECTOR GENERAL**



## VI. CORPORATE GOVERNANCE STATEMENT

The Board of Trustees of KWS is responsible for the governance of the Service and is accountable to the Government of Kenya in ensuring that it complies with the various laws while maintaining high ethical standards and corporate governance. Accordingly, the Board attaches very high importance to the generally accepted corporate governance practices and has embraced the internationally developed principles and code of best practice of good corporate governance including the Mwongozo Code of Conduct.

### Board of Trustees

The roles and functions of the Chairman and the Director General are distinct and their respective responsibilities clearly defined within the Wildlife Conservation and Management Act 2013.

The Board defines the policy guidelines for effective management of the Service. Except for direction and guidance on general policy, the Board delegates authority of its day-to-day business to the Management through the Director General.

### Board Meetings

The Board holds meetings on a regular basis while special meetings are called when it is deemed necessary.

### Committees of the Board

The Board has set up three key Committees to facilitate efficient decision making of the Board in discharging its duties and responsibilities.

#### Board Finance Committee

The Committee has responsibilities for oversight in financial and human capital management. These responsibilities include; -

- Policies that maintain and improve the financial sustainability and integrity.
- Review and recommend a long-term financial plan for the Service.
- Review and recommend an annual operating budget and annual capital budget consistent with the long-term financial plan and financial policies.
- Review the financial aspects of major proposed transactions, new programs, projects and services, as well as proposals to discontinue the same and making recommendations to the board.
- Review and approve financial statements for release to external auditors.
- Review and approve opening and closing of bank accounts..
- Monitor the financial performance of the Service as a whole against approved budgets and long-term trends.
- Requiring and monitoring corrective actions to bring the organization into compliance with laws, policies and applicable financial principles.
- Review of human resource policies.
- Deliberation of staff matters.

#### Board Conservation Committee

This Committee has responsibilities for oversight in Wildlife Conservation and Management. These responsibilities include; -

- Review and advice the Board on the development of Protected Area Management Plans, species strategies and conservation policies.
- Provide oversight of the organization's programs, projects and activities relating to conservation.



- Ensure that programs related to conservation are informed by best practice and leading-edge thinking, incorporating scientific, economic and social trends.
- Evaluate and review conservation programs and activities.
- Identify and submit risks, including legal, financial and reputational risks, relating to conservation to the Board Audit and Risk Committee.

The Committee also has responsibilities for oversight in mitigation of human wildlife conflict and compensation to communities. These include:

- Facilitate mobilization of requisite resources necessary for the department to carry out its mandate as spelt out in sec 7(n) of the WCM Act 2013 which states that "the service shall promote and undertake extension service programs intended to enhance wildlife conservation, education and training".
- Provide strategic policy direction to facilitate effective conservation education and awareness programs to enhance wildlife conservation and management.
- To determine incentives required for communities to foster effective collaborative management of wildlife within a specified conservation area.
- Addressing human / wildlife conflicts in targeted conservation areas.
- Resources required for community mobilization to advocate for and support the development and implementation of enabling policy and legal environment for wildlife conservation.
- Facilitate establishment of the wildlife compensation scheme Sec 24 (b) of WCMA 2013

### **Board Audit Committee**

This Committee has responsibilities for oversight in audit and risk matters of the Service. These include:

Approving the internal audit charter.

- Reviewing of audit reports.
- Approving the risk based internal audit plan.
- Approving the internal audit budget and resource plans.
- Entity wide risk management processes.
- Receiving communications on the internal audit activity's performance relative to its plan and other matters.

## VII. MANAGEMENT DISCUSSION AND ANALYSIS

### SECTION A: The Service Operational and Financial Performance

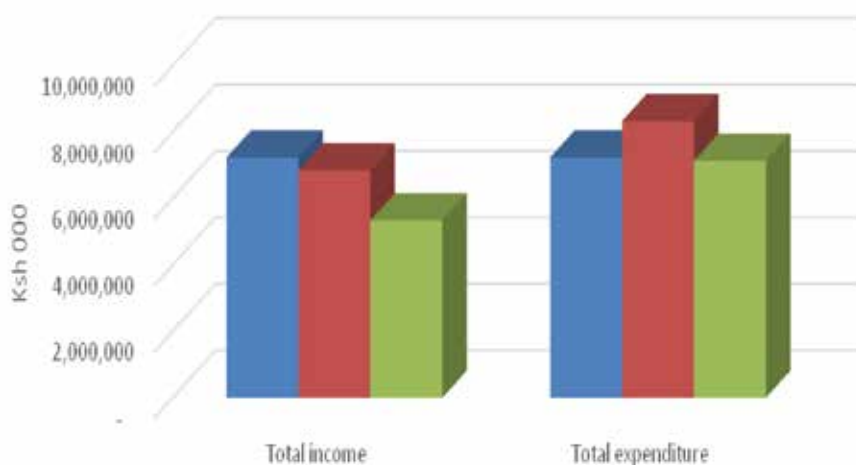
Kenya Wildlife Service (KWS) has continued to discharge its mandate of wildlife conservation in line with the Wildlife Conservation & Management Act 2013. The focus of the year under review has been on reduction in poaching through strengthening of security units, ecological restoration, human wildlife conflict mitigation through construction of game proof defense, infrastructural development on ranger housing, institutional review and staff welfare.

During the year under review the total expenditure amounted to Kshs7.1 billion, compared to Kshs7.7 billion in the previous year. The expenditure comprised of salaries and allowances of Kshs3.9 billion while other operating expenses amounted to Kshs 3.1 billion. In general, the Service had a deficit of Kshs1.5 billion compared to Kshs 571 million last financial years. This funding gap has continued to affect optimal service delivery in KWS.

Below is a graphical presentation of;

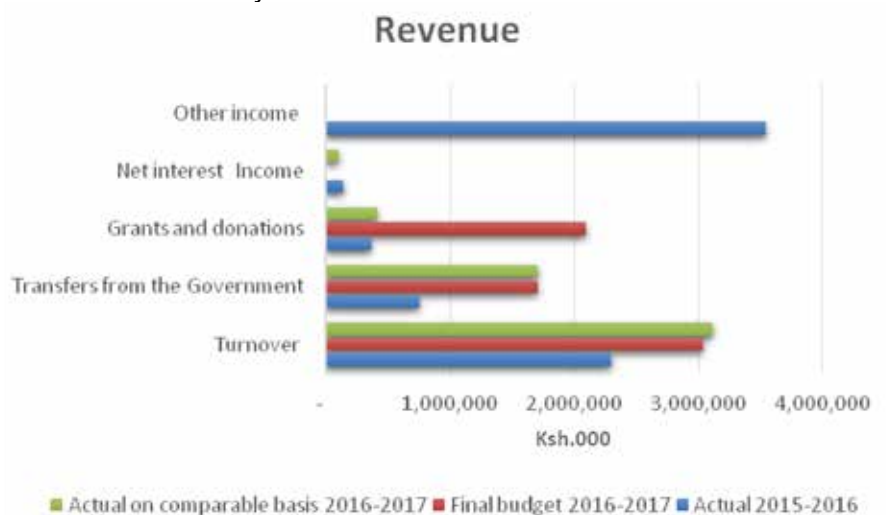
#### a. Budget Vs Actual Performance.

The graph below presents the budget performance in relation to the actual revenue and expenditure realised and incurred respectively.



#### b. Service Revenue Performance

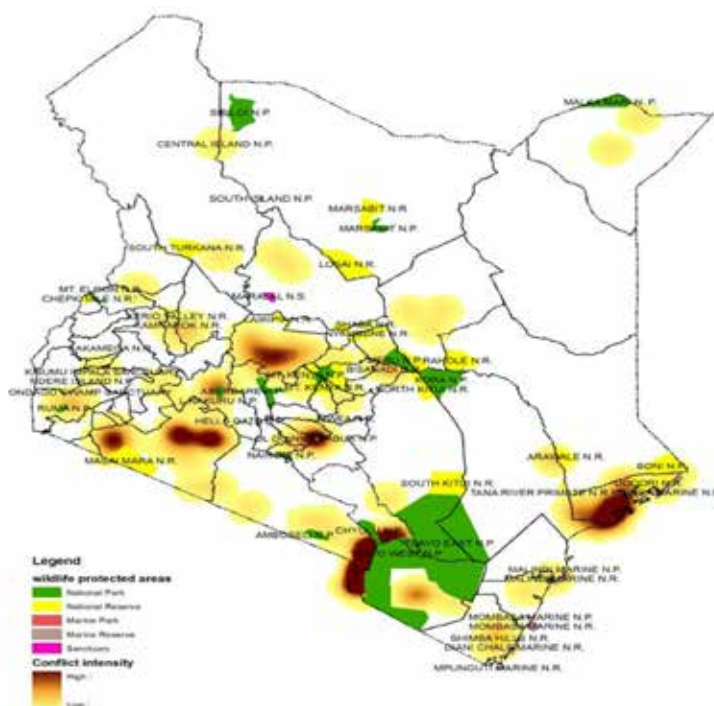
Below is a graphical presentation of the Service revenue performance in the year under review compared to last financial year. The GoK grants have slightly improved in the current year compared to the last financial year.



### c. Human wildlife conflict.

There is increasing trend in human wildlife conflict due to changes in land use, competition for available dispersal areas and climate changes. The Service in its effort to mitigate these conflicts has instituted construction of game proof fences and translocation of wildlife. Below is the map showing the human wildlife conflict hot spots.

## HUMAN WILDLIFE CONFLICT HOT SPOTS



### Hot spots

- Laikipia/Rumuruti
- Narok/Transmara
- Tsavo East & West (Taita Taveta, Rombo, Njukini, Bura)
- Lamu (Mpeketoni, Witu)
- Imenti South (Meru)
- Amboseli
- Kwale
- Along Tana River

## SECTION B: Service's compliance with statutory requirements

The Service for the period under review has complied with all statutory requirements in line with the PFM Act and the National Treasury circulars with regards to the following reports, budget estimates, quarterly financial statements and annual financial statements. In addition all statutory deductions to the government authorities were paid on time within the timelines (to KRA, NHIF, NSSF, HELB and NITA).

## SECTION C: Key projects and investment decisions the Service is planning/implementing.

The Service is implementing key projects funded by the national government through the Medium Term Expenditure Framework of 2016/ 2017(MTEF). These projects are aimed at strengthening the anti-poaching security units to combat wildlife crime, construction of game proof defenses to mitigate human wildlife conflict, construction of ranger houses to address staff welfare as well as conservation of Marsabit National Park ecosystem to maintain ecological balance and provide alternative livelihood to the communities bearing the brunt of human wildlife conflict. These programs are critical pillars in the vision 2030 blue print.

## SECTION D: Material arrears in statutory / financial obligations

The Service during the period under review did not have any material statutory arrears and financial obligations except for a long outstanding liability litigation on NSSF. The Board of Trustees of KWS does not believe that any significant additional liability will arise from the determination of this matter.

## SECTION E: The Service's financial probity and serious governance issues.

The Service did not have any financial probity and governance issues at the preparation of this report.



## VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

KWS has over the years engaged communities who coexist with wildlife through various projects as a way of giving back and gaining their goodwill in conservation efforts. This is because the management appreciates that it is not possible to conserve wildlife entirely within protected areas as 70% of the wildlife is found in community land.

There are however fluctuations in numbers between the wet and dry seasons. With only about 8% of the total land mass in Kenya being protected areas, there is need to cultivate goodwill for additional space for conservation and harmonious co-existence between humans and wildlife. This can be achieved through strategic investment in areas that have abundance of wildlife outside the protected areas and also in seasonal dispersal zones.

Lack of direct benefits from wildlife, competition for available resources (water/forage) during the dry season and crop destruction are some of the reasons communities have negative attitude towards wildlife. In order to change this perception, KWS undertakes diverse CSR projects so as to alleviate the suffering of communities living in wildlife dispersal areas that have potential for human/wildlife conflict and or conservation values. The main objective is to cultivate conservation goodwill and establish networks for sustained relationships and mutual trust in the implementation of the organization's mandate.

Corporate Social responsibility in KWS is therefore a continuing commitment by the organization to contribute to economic development while improving the quality of life of the local communities as well as building social trust. This process of developing social trust creates conditions for corporations and communities to deepen their investments in each other, thus increasing the probability of economic growth and prosperity.



## IX. REPORT OF THE TRUSTEES

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2017 which show the state of affairs for the Kenya Wildlife Service (the "Service").

### Principal activities

The principal activities of the Service are;

- Conserve and manage national parks, wildlife conservation areas, and sanctuaries under its jurisdiction;
- Provide security for wildlife and visitors in national parks, wildlife conservation areas and sanctuaries;
- Promote or undertake commercial and other activities for the purpose of achieving sustainable wildlife conservation;
- Develop mechanisms for benefit sharing with communities living in wildlife areas;
- Coordinate the preparation and implementation of ecosystem plans;
- Prepare and implement national park management plans and advise in the preparation of management plans for community and private wildlife conservancies and sanctuaries;
- Undertake and conduct enforcement activities such as anti- poaching operations, wildlife protection, intelligence gathering, investigations and other enforcement activities for the effective wildlife conservation;
- Conduct and co-ordinate, all research activities in the field of wildlife conservation and management and ensure application of research findings in conservation planning, implementation and decision making;
- Advise on the establishment of national parks, wildlife conservancies and sanctuaries;
- Promote and undertake extension service programs intended to enhance wildlife conservation, education and training;

### Results

The deficit of Kshs1, 538,656 (2016: deficit of Ksh 571, 351,000) for the year has been adjusted on net reserves.

### Trustees

The Board of Trustees who served during the year are shown on page 6 - 9


### Auditors

The Auditor General is responsible for the statutory audit of Kenya Wildlife Service in accordance with section 81 of the Public Finance Management (PFM) Act, 2012, & section 69 of the Public Audit Act.

### Legislation

Kenya Wildlife Service (KWS) was established by the Wildlife Conservation and Management Act, 1989 (now repealed and replaced by Wildlife Conservation and Management Act, 2013). The overall mandate of KWS is to conserve and manage wildlife in Kenya.

By Order of the Board

  
Leonard Maingi  
Corporate Secretary  
Nairobi

Date  28/2/18



## X. STATEMENT OF TRUSTEES' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and State Corporation Act 2015, & Wildlife Conservation & Management Act 2013, requires the Trustees to prepare financial statements which give a true and fair view of the state of affairs of the Service at the end of the financial year and the operating results of the Service for that year. The Trustees are also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the Service. The Trustees are also responsible for safeguarding the assets of the Service.

The Trustees are responsible for the preparation and presentation of the Service's financial statements, which give a true and fair view of the state of affairs of the Service for and as at the end of the financial year ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Service; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Service; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Trustees accept responsibility for the Service's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act of 2015) ,Wildlife Conservation & Management Act 2013. The Trustees are of the opinion that the Service's financial statements give a true and fair view of the state of its transactions during the financial year ended June 30, 2017, and of its financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

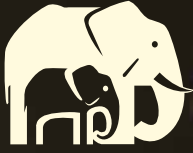
Nothing has come to the attention of the Trustees to indicate that the Service will not remain a going concern in the foreseeable future.

### Approval of the financial statements

The entity's financial statements were approved by the Board on 30th Jan day of Jan 2018 and signed on its behalf by:

**JULIUS KIMANI**  
AG. DIRECTOR GENERAL

**MARGARET W. MWAKIMA, PhD, CBS**  
FOR CHAIRMAN OF THE BOARD



*If we could see the miracle of a single flower  
clearly, our whole life would change  
~Buddha~*



# REPUBLIC OF KENYA

Telephone: +254-20-342330  
Fax: +254-20-311482  
E-mail: [oag@oagkenya.go.ke](mailto:oag@oagkenya.go.ke)  
Website: [www.kenao.go.ke](http://www.kenao.go.ke)



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON KENYA WILDLIFE SERVICE FOR THE YEAR ENDED 30 JUNE 2017

---

#### REPORT ON THE FINANCIAL STATEMENTS

##### Qualified Opinion

I have audited the accompanying financial statements of Kenya Wildlife Services set out on pages 22 to 56, which comprise the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in net reserves, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Wildlife Service as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Public Finance Management Act 2012 and the State Corporations Act (Cap 446).

In addition, as required by Article 229(6) of the Constitution, except for the matter described in the Other Matter section of my report, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

##### Basis for Qualified Opinion

##### 1. Property, Plant and Equipment

As previously reported, property, plant and equipment balance of Kshs.5,749,119,000 as at 30 June 2017 excludes the undetermined value of 222 parcels of land across the country with and without title documents but on which the service has put up various developments including buildings. These comprises 23 National Parks, 29 National Reserves, 6 Marine National parks, 6 marine National Reserves and 6 Sanctuaries and one hundred and fifty-two (152) other parcels of land. Further, the Service has 45 title deeds while 177 are still in process.



In addition, the Service has not updated its fixed assets register. The fixed assets register balance of Kshs.7,568,827,464 is at a variance with the ledger balance of Kshs.5,749,119,000 resulting in an unexplained difference of Kshs.1,819,708,464. In addition, the depreciation charge for the year amounting to Kshs.1,082,462,000 was computed based on the gross balance for property, plant and equipment as recorded in the ledger which does not take into account assessment of impairment fully depreciated assets still in use by the Service. The depreciation is therefore mis-stated due to inaccuracies of the property, plant and equipment balance on which depreciation is based.

In view of the foregoing, it has not been possible to ascertain the accuracy, completeness, valuation and security of the property, plant and equipment balance of Kshs.5,749,119,000 as at 30 June 2017.

## **2. Compensation for Land Hived – Off**

### **2.1 Standard Gauge Railway (SGR)**

Compensation for land hived-off from the National Park for the construction of Standard Gauge Railway (SGR) phase one as per the agreement was Kshs.1,475,000,000 out of which Kshs.1,374,900,000 was received during the previous financial year and Kshs.94,100,000 was received during the year under review leaving an unexplained deficit of Kshs.6,000,000. The money was meant for environmental restoration but due to huge underfunding of its operational activities the service utilized the funds under its recurrent expenditure. There was no approval from Treasury for the diversion of the funds contrary to the Public Finance Management Act, 2012.

Further, compensation Under Standard Gauge Railway (SGR) phase Two as per the agreement was Kshs.4,000,000,000, the service initially received Kshs.1,000,000,000 while the balance was to be received in six equal instalments of Kshs.500,000,000. However, as at 30 June 2017 they had received Kshs.1,000,000, 000 instead of Kshs.1,500,000,000 leaving an unexplained deficit of Kshs.500,000,000.

### **2.2 Southern Bypass**

Similarly, revenue from compensation for land hived-off Nairobi National Park for construction of Southern bypass road was Kshs.3,740,713,840 as agreed with the National Government, out of which Kshs.1,266,003,840 was received leaving an unexplained deficit of Kshs.2,474,710,000. The funds were to be deposited in Wildlife Endowment Fund but due to alleged underfunding of the recurrent operations of the Service they were utilized on its recurrent operations. However, there was no approval obtained from National Treasury for diversion of Funds contrary to Public Finance Management Act, 2012.

Further, the unpaid compensation of Kshs.2,980,710,000 has not been accrued in the financial statements for the year under review.



### **3. Trade and Other Receivables**

Trade and other receivables balance of Kshs.776,517,000 as at 30 June 2017 include Kshs.80,000,000 being excess medical expenses incurred on staff and out of which Kshs.28,000,000 relate to deceased employees. The likelihood that these advances will be recovered is minimal.

Consequently, the accuracy and recoverability of trade and other receivables balance of Kshs.776,517,000 as at 30 June 2017 cannot be ascertained.

### **4. Inventory**

The inventory balance of Kshs.372,937,000 as at 30 June 2017 (2016, Kshs.308,328,000) is based on the latest purchase price and not the first-in-first-out method recommended in International Financial Reporting Standards (IFRS 2) under which the financial statements are prepared. Further, the management does not analyze inventory to assist in identifying the slow moving stocks to determine the provisions for write-off of such.

Consequently, the accuracy and completeness of inventory balance of Kshs.372,937,000 as at 30 June 2017 cannot be ascertained.

### **5. Financial Performance**

During the year under review the Service incurred a deficit of Kshs.1,538,656,000, in 2015/16 the deficit was Kshs.571,350,000 and in 2014/15 it was Kshs.1,504,538,000. The accumulated deficit as at 30 June 2017 was Kshs.7,362,124,000 which is equivalent to 73% of the total assets. The going-concern status of the service is therefore dependent on continued support by the National Government and Creditors.

### **6. Endowment Fund**

The Wildlife Conservation and Management Act, 2013 provided for the establishment of Wildlife Endowment Fund which would be vested in the Board of Trustees. The Fund was established during the year under review and with the Board approval Kshs.1,000,000,000 which was received from SGR during the year under review was placed under that Fund. The Fund received funds from donors amounting to Kshs.67,804,000 in the year 2016. The balance reflected in the financial statement is Kshs.1,120,396,000. Apparently the management does not maintain proper records for the Fund.

Consequently, the accuracy and completeness of the Endowment Fund balance of Kshs.1,120,396,000 as at 30 June 2017 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kenya Wildlife Service in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to

performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matter described in the Basis for Qualified Opinion section of my report, I have determined that there are no other Key Audit Matters to communicate in my report.

### **Other Matter**

#### **Non-completion of Construction Contracts**

Work contracts for the construction of Museum and Education Centre at Marsabit National Reserve amounting to Kshs.58,045,189.00 which were to be completed within the year under review were not completed despite the existence of an approved budget. There is the risk that delays in the implementation of these contracts will have an overall delay in the implementation of the project thereby defeating the Government policy objective of conserving biodiversity in the area. There is, also, the risk of lapsing of bid bonds which had been a factor for preliminary qualification for contractors as was the case in this instance.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Service's ability to continue to sustain its services, disclosing, as applicable, matters related to going concern and using the applicable basis of accounting unless the management either intends to liquidate the corporation or to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Those charged with governance are responsible for overseeing the Service's financial reporting process.



## **Auditor-General's Responsibilities for the Audit of the Financial Statements**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

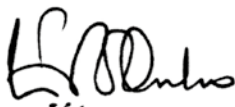
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Service's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Service's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Service to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Service to express an opinion on the financial statements.



- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**08 October 2018**

## XI. STATEMENT OF COMPREHENSIVE INCOME

	Notes	2017 Kshs'000'	2016 Kshs'000'
<b>Revenue</b>			
Turnover	5	2,653,347	2,295,704
Grants from National Government	6	1,380,827	754,680
Grants, Donations and Compensation	6	901,957	361,940
Other Income	7	569,209	3,543,225
<b>Total revenue</b>		<b>5,505,340</b>	<b>6,955,549</b>
<b>Operating expenses</b>			
Salaries, allowances and benefits	8	3,900,071	4,154,520
Operating and maintenance expenses	9	2,168,103	2,289,808
Depreciation of property, plant and equipment	10	1,082,462	1,227,568
<b>Total operating expenses</b>		<b>7,150,636</b>	<b>7,671,897</b>
<b>Operating loss before interest income</b>		<b>(1,645,296)</b>	<b>(716,348)</b>
Net interest income	7	106,640	144,997
<b>Operating Loss</b>		<b>(1,538,656)</b>	<b>(571,350)</b>


## XII. STATEMENT OF FINANCIAL POSITION

	Notes	2017 Kshs'000'	2016 Kshs'000'
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	18	5,749,119	6,562,115
<b>Total non-current assets</b>		<b>5,749,119</b>	<b>6,562,115</b>
<b>Current assets</b>			
Inventories	11	372,937	308,328
Trade and other receivables	12	776,517	940,282
Short-term deposits	13	1,253,000	1,391,471
Bank and cash balances	13	1,869,600	998,845
<b>Total non-current assets</b>		<b>4,272,054</b>	<b>3,638,926</b>
<b>Total Assets</b>		<b><u>10,021,173</u></b>	<b><u>10,201,041</u></b>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Capital reserves		1,271,887	1,271,887
Revaluation reserve		2,805,102	2,805,102
Capital grants reserve		10,439,745	10,114,157
Revenue reserve		(7,362,124)	(5,823,468)
<b>Total reserves</b>		<b>7,154,610</b>	<b>8,367,678</b>
<b>Current liabilities</b>			
Trade and other payables	14	988,984	1,170,395
Unexpended specific donations	15	757,183	595,114
Endowment Fund	16	1,120,396	67,854
<b>Total current liabilities</b>		<b>2,866,563</b>	<b>1,833,363</b>
<b>Total net reserves and liabilities</b>		<b><u>10,021,173</u></b>	<b><u>10,201,041</u></b>

The financial statements were approved by the Board on 30th day of Jan 2018 and signed on its behalf by:

  
**JULIUS KIMANI**  
AG. DIRECTOR GENERAL

  
**JOHN MWANGI**  
AG. HEAD FINANCE  
ICPAK M/NO: 5447

  
**MARGARET W. MWAKIMA, PhD, CBS**  
FOR CHAIRMAN

## STATEMENT OF CHANGES IN NET RESERVES

Year ended 30 June 2016	Capital Reserve	Revaluation Reserves	Capital Grants	Revenue Reserves	Total
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
At start of year	1,271,887	2,805,102	9,747,629	(5,252,117)	8,572,501
Capital donor funds received			366,528		366,528
Net deficit for the year				(571,351)	(571,351)
					-
At June 30, 2016	1,271,887	2,805,102	10,114,157	(5,823,468)	8,367,678
<b>Year ended 30 June 2017</b>					
At start of year	1,271,887	2,805,102	10,114,157	(5,823,468)	8,367,678
Capital donor funds received			325,588	-	325,588
Net surplus / (deficit) for the year				(1,538,656)	(1,538,656)
					-
<b>At June 30, 2017</b>	<b>1,271,887</b>	<b>2,805,102</b>	<b>10,439,745</b>	<b>(7,362,124)</b>	<b>7,154,610</b>

Capital reserve represents the aggregate value of the property, plant and equipment taken over from the Wildlife Conservation and Management Department (WCMD) of the Ministry of Tourism and Wildlife (MTW) at the value agreed at that time.

Revaluation reserves represent the surplus on the subsequent revaluation of buildings, aircrafts, boats and other assets.





### XIII. STATEMENT OF CASH FLOWS

	Notes	2017 Kshs'000'	2016 Kshs'000'
<b>Operating activities</b>			
Cash generated from/(used in) operations	17	(1,713,262)	(1,672,541)
Interest received		106,640	144,997
<b>Net cash generated from/(used in) operating activities</b>		<b>(1,606,622)</b>	<b>(1,527,544)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	18	(269,466)	(241,983)
Proceeds from disposal of property, plant and equipment		-	-
Purchase of intangible assets			
<b>Net cash generated from/(used in) investing activities</b>		<b>(269,466)</b>	<b>(241,983)</b>
<b>Financing activities</b>			
Grants for recurrent expenditure	6	2,282,784	1,116,620
Capital donor funds received		325,588	366,528
<b>Net cash generated from/(used in) financing activities</b>		<b>2,608,372</b>	<b>1,483,148</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>732,284</b>	<b>(286,379)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>2,390,316</b>	<b>2,676,695</b>
Increase in cash and cash Equivalent		732,284	(286,379)
<b>Cash and cash equivalents at end of the year</b>	13	<b>3,122,600</b>	<b>2,390,316</b>

## XIV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED JUNE 30, 2017

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Variance	Comments
	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017		
	a	b	c	d	e	f=(e/c)	
<b>Revenue</b>	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'		
Turnover	2,728,853	3,034,421	3,034,421	3,222,556	188,135	6.20	1
Transfers from the Government	2,609,827	880,827	1,709,906	1,380,827	(329,079)	(19.25)	
Grants and donations	378,047	2,096,948	2,096,948	901,957	(1,194,991)	(565.99)	2
Net interest income	-	-	-	106,640	106,640		
<b>Total income</b>	5,716,727	6,012,196	6,841,275	5,611,980			
<b>Expenses</b>							
Compensation of employees	4,488,777	4,199,520	4,199,520	3,900,071	299,449	7.13	
Operations and Maintenance	2,480,003	2,702,957	3,032,036	2,168,103	863,956	28.49	3
Depreciation of plant, property and equipment	600,000	1,100,000	1,100,000	1,082,462	17,515	1.59	
<b>Total expenditure</b>	7,568,780	8,002,477	8,331,556	7,150,636	1,180,920		
<b>Surplus for the period</b>	(1,852,053)	(1,990,281)	(1,490,281)	(1,538,656)			

Variances between the actual amounts and the budgeted amounts have been explained below.

### Explanatory Notes

#### 1. Turnover.

Turnover relates to income earned from park entry fees and accommodation. The actual amount earned during the year was slightly higher than the final approved budget but within the 10% threshold.

#### 2. Grants and Donations

During the year under review The National Treasury gave the Service a supplementary budget support of Kshs 500 million in additions to the approved recurrent budget of Kshs 880 million to cater for salaries shortfall. In the year under review the Service had budgeted for Kshs800 million being part of the outstanding amount from the easement agreement with KeNHA for the Southern bypass. This amount was however not received by the Service as at the close of the financial year. The easement grant was awarded as compensation for part of the park space that was utilized by the Nairobi Southern bypass. There is still an outstanding amount of Kshs2.4 billion with KeNHA.

#### 3. Operating and Maintenance Expenses.

As a result of underfunding during the year especially from the Government, the management made deliberate efforts towards controlling costs. This meant that only critical operating and maintenance expenses, community expenses and training and development expenses were carried out during the year, thus there was a reduction in actual expenditure incurred.

## XVI. NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Kenya Wildlife Service (KWS) was established by the Wildlife (Conservation and Management) Act, 1989 (now repealed and replaced by Wildlife Conservation and Management Act, 2013). The overall mandate of KWS is to conserve and manage wildlife in Kenya. The address of its registered office is:

KWS Complex  
Langata Road  
P.O Box 40241-00100  
Nairobi

The Service is classified as a State Corporation under PC 3A. The operations of the Service cover the entire country and for ease of administration and management, it has been organized into eight (8) conservation areas. For reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of comprehensive income, in these financial statements.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements have set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### (a) Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and International Public Sector Accounting Standards (IPSAS) recommended by The National Treasury and in accordance with the requirements of the PFM Act 2012, the State Corporations Act and the Wildlife Conservation and Management Act 2013. The accounting policies adopted have been consistently applied to all the years presented. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings. The financial statements are presented in Kenya Shillings (Kshs), rounded to the nearest thousand.

#### 1. Going concern

The trustees believe that the Service will continue in operational existence for at least 12 months from the date of these financial statements. The trustees believe that it is appropriate to prepare the Service's financial statements on a going concern basis, which assumes that the Service will continue to meet its obligations as they fall due for the foreseeable future. Section 14 a, b & c of Wildlife Conservation and Management Act 2013 provides financial guarantees by the government.

#### Changes in accounting policy and disclosures

##### i. *New and amended standards adopted by the Service*

The following standards and amendments have been applied by the Service for the first time for the financial year beginning July 1, 2015:

Annual Improvements to IFRSs 2012 -2014 cycles. The following amendments are effective July 1, 2015:-



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

IFRS 13 - confirms that short-term receivables and payables can continue to be measured at invoice amounts if the impact of discounting is immaterial.

FRS 7- specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute "continuing involvement" and therefore, whether the asset qualifies for DE recognition.

IAS 19 - that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:

**Materiality** - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

Disaggregation and sub-totals - line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of sub-totals.

Notes - confirmation that the notes do not need to be presented in a particular order.

### **ii. New standards, amendments and interpretations not yet effective and not early adopted.**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after July 1, 2015, and have not been applied in preparing this financial statement. None of these is expected to have a significant effect on the financial statements of the Service, except the following set out below.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. The complete version of IFRS 9 was issued in July 2015. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurements model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to changes in fair value in OCI without recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there are no changes to the classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Service is yet to assess the full impact of IFRS 9.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

IFRS 15 - Revenue from contracts with customers (effective for financial periods beginning on/after January 1, 2018) – Early application is permitted. The core principle of the new revenue recognition standard is that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. The most significant changes that flow from that principle are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.) – minimum amounts must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may now be recognised over the contract term and vice versa.

IFRS 15 was intended to become effective on January 1, 2017. On 22 July 2015, the IASB confirmed the deferral of the effective date of IFRS 15 to January 1, 2018.

IFRS 16, "Leases". After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognize assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard. The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognize assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture).

A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortized in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed.

One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios). IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The amendments are effective for annual periods beginning on or after January 1, 2019.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Service.

### **(b) Functional currency and translation of foreign currencies**

#### ***i. Functional and presentation currency***

Items included in the financial statements of the Service are measured using the currency of the primary economic environment in which the organization operates ('the functional currency'). The financial statements are presented in 'Kenyan Shillings (Ksh), which is the Service's presentation currency.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****(c) Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Service's activities. Revenue is shown net of value-added tax (VAT), returns, rebates and discounts.

The Service recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Service and when specific criteria have been met for each of the Service's activities as described below.

**Revenue is recognized as follows;**

Sale of services is recognized on an accrual basis in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a percentage of the total services to be provided.

- Park entry fees are recognized when accessing the National Parks by cash payment or use of smart cards where the amount is deducted at the point of access.
- Rental income is recognized in the income statement as it accrues using the effective lease agreements.
- Aircraft sales are usually aircraft hire services and income is usually recognized immediately the services are offered.
- Interest income is recognized on a time proportion basis using the effective interest method.

**(d) Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at cost and subsequently stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Service and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant and equipments are credited to other comprehensive income and shown as revaluation reserve. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve; all other decreases are charged to profit or loss.

Freehold land	Nil
Fences and Barriers	10%
Machinery and Water Supplies	10%
Furniture and Equipment	10%
Motor Vehicles and Tractors	20%
Computer and Accessories	20%
Aircraft	7.5%
Boats and Boat engines	10%
Buildings on long leasehold and freehold land	2%
Buildings on short leasehold land	
Over the lease period	Nil

Depreciation on Property Plant and Equipment is computed based on the remaining useful life

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

of the asset to reduce the values to a 5% residual value. subsequent additions are depreciated on straight line basis at the applicable rates until they are reduced to their residual value of 5%

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss. When re-valued assets are sold, the amounts included in other reserves relating to that asset are transferred to retained earnings.

Freehold land has not been included in property plant and equipment due to the fact that the valuation has not been completed for the titled land to establish reliable figures to attach to that category of assets in the financial statements.

### (e) Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are valued at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### (f) Inventories

Inventories are carried at historical cost of acquisition plus any incidental costs incurred to bring them at their present location and condition. Obsolete stocks are segregated and not included in the valuation of stocks. Inventories are stated at the FIFO or Weighted Average cost whichever is lower.

### (g) Trade Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Service will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is determined by assessment of the debtor and it's based on specific amount as opposed to percentage. The amount of the provision is recognised in the income statement.

### (h) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (i) Provisions

Provisions are recognized when: the Service has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

### (j) Cash and Cash Equivalents

Cash and cash equivalents include cash at hand, deposits held at call with banks, other short term highly liquid investments.

### (k) Financial Assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Service provides money, goods or services directly to a debtor with no intention of trading the receivable and are measured at amortized cost.

At the end of each reporting period, the Service reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognized in profit or loss whenever the carrying amount of the asset exceeds its recoverable amount.

### (l) Accounting for leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the Service as a lessee. All other leases are classified as operating leases.

The Service as a lessee:

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss account on a straight line basis over the period of the lease.

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. Leased assets are recorded at historical cost less depreciation.

Depreciation is calculated on the straight line basis to write down the cost of leased assets to their residual values over their estimated useful life using annual rates consistent with the normal depreciation policies for similar assets under property, plant and equipment.

### (m) Reserves

The Service creates and maintains reserves in terms of specific requirements. The Service has a Revenue Reserve which consists of the accumulated surplus and Capital reserve which represents the aggregate value of the assets taken over by the Service.





## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (n) Grants

#### i. Capital grants

Grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Service will comply with all attached conditions.

In addition to an annual subvention, the Government of Kenya (GoK) has negotiated financing packages with various donors to fund the Service. This finance is in the form of loans and grants to GoK, all of which are passed on to the Service in the form of government grants. Grants received from and through the GoK have been treated as Capital Grants whether in respect of either development expenditure or acquisition of fixed assets. Principle Form of Funding is capital grants from the Government which is in effect capital contribution. Assets acquired from these grants are capitalized and then depreciated in accordance with the depreciation policy. The computed depreciation charge is expensed in profit or loss.

#### ii. Grants for recurrent expenditure

Grants received from and through the GoK have been treated as revenue receipts when in respect of funding recurrent expenditure. Related operating and maintenance expenses are charged to revenue expenditure.

### (o) Employee benefits

#### i. Retirement benefits obligations

The Service employees are eligible for retirement benefits under defined benefit and defined contribution schemes. The funds are administered independently of the Service's assets.

##### a. Defined Benefit Scheme – KWS Staff Superannuation Scheme

The Scheme operates a defined benefits basis and has been closed to new entrants and to future accrual of benefits with effect from December 31, 2006.

The closure of the scheme to new entrants and to future accruals benefits followed a fundamental review by Kenya Wildlife Service of its retirement benefits arrangements. As part of this review, KWS also set up a new defined contribution scheme with effect from January 1, 2007 in which all the pensionable employees participate in with effect from January 1, 2007.

KWS discontinued contributions to the old Scheme with effect from December 31, 2006.

The amount in the balance sheet is determined as the present value of the defined past service benefits obligation net of value placed on existing scheme assets as computed by an independent actuary. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to reserves in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in income.

##### b. Defined Contribution Scheme – KWS Staff Retirement Benefits Scheme 2006

The service operates a defined contribution scheme whereby it matches contributions to the scheme made by the employees up to 11% of the employee's gross salary while the employees contribute 5% of their pensionable salaries. The Service's contributions to the fund are charged in the income statement in the year to which it relate.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Service also contributes to the National Social Security Fund for its employees. The Service's obligation is limited to a specified contribution per employee per month. Currently, the contribution is limited to a maximum of Shs. 1,080 per employee per month. The Service's contributions are charged to the profit or loss in the year to which they relate. The Service has no legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all the employees benefits relating to employee service in the current and previous periods.

### ii. Termination benefits

Termination benefits are payable when employment is terminated by the Service before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The service recognizes termination benefits at the earlier of the following dates: (a) when the service can no longer withdraw the offer of those benefits; and (b) when the service recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

### iii. Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognized as an expense on accrual basis.

### (p) Comparatives

Where necessary the comparative figures have been restated to conform to current period presentation.

### (q) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

### (i) Critical accounting estimates and assumptions.

The Service makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### Impairment losses

At the end of each reporting period, the Service reviews the carrying amounts of its financial assets to determine whether there is any indication that those assets have suffered an impairment loss. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

estimate the recoverable amount of an individual asset, the Service estimates the recoverable amount of the cash generating unit to which the asset belongs.

Useful lives of property, plant and equipment

### 4. Financial risk management

The activities of KWS expose it to a variety of financial risks which include market risk, credit risk and the effects of changes in foreign currency exchange rates. The Service's overall risk management focuses on the unpredictability of the tourism market and seeks to minimize potential adverse effect on the organization's performance.

#### Market risk

##### i. Foreign exchange risk

The Service is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

As at June 30, 2017, if the Kenyan Shilling had weakened/strengthened by 10% against the US dollar with all other variables held constant, deficit for the year would have been based on turnover donation, grants and other income figures Kshs 3,669,003,000 (2016: Kshs 36,6900,300 higher/lower).

##### ii. Price risk

The Service does not hold any financial instruments subject to price risk

##### iii. Cash flows and fair value interest rate risk

As at June 30, 2017, the Service did not have interest bearing financial liabilities (2015: Nil). It has short term deposits which earn a fixed rate of interest. The Service is therefore not exposed to cash flow interest risk.

#### Credit risk

Credit risk arises from deposits with banks and trade and other receivables. Credit risk is the risk that counter party will default on its contractual obligations resulting in financial loss to the Service. Credit risk is managed by the finance department. The treasury manager is responsible for managing and analysing credit risk for each new client before standard payment and delivery terms are offered.

Credit risk arises from cash at bank and short term deposits with banks, as well as trade and other receivables. The Service has no significant concentrations of credit risk.

For banks and financial institutions, only reputable well established financial institutions and officially approved by The National Treasury are accepted. For trade receivables, the Service's finance department assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on limits set by the Board. The utilization of credit limits is regularly monitored.

The amount that best represents the Service's maximum exposure to credit risk as at June 30, 2017 is made up as follows:

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<b>2017</b>	<b>2016</b>
	<b>Kshs'000</b>	<b>Kshs'000</b>
Cash and cash equivalents – Note 13	3,122,600	2,390,316
Trade receivables – Note 12	405,227	367,659
Other receivables – Note 12	371,289	572,263
	<b><u>3,899,116</u></b>	<b><u>3,330,238</u></b>

No collateral is held in respect of the above assets. All receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated, and management does not expect any losses from non-performance by these parties.

None of the above assets are either past due or impaired except for the following amounts in trade receivables.

The amount of trade receivables that was impaired amounted to Kshs 216 million. The trade receivables which were past due but not impaired relate to a number of independent customers for whom there is no history of default. The ageing analysis of these trade receivables is as follows:

The trade receivables which were past due but not impaired relate to a number of independent customers for whom there is no history of default. The ageing analysis of these trade receivables is as follows:

	<b>2017</b>	<b>2016</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Past due but not impaired:		
- by up to 90 days	239,520	198,501
- by 91 – 180 days	92,670	56,289
- above 181 days	73,028	112,869
	<b>405,218</b>	<b>367,659</b>
Total receivables:		
Carrying amount before provision for impairment loss	620,912	550,040
Provision for impairment loss	(215,694)	(182,381)
<b>Net carrying amount</b>	<b><u>405,218</u></b>	<b><u>367,659</u></b>

All receivables past due by more than 90 days are considered to be impaired, and are carried at their estimated recoverable value.

### Liquidity risk

Liquidity risk is the risk that the Service will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the management and the Board maintains flexibility in funding by maintaining availability under committed credit lines.

Management performs cash flow forecasting and monitors rolling forecasts of the Service's liquidity requirements to ensure it has sufficient cash to meet its operational needs.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Service's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Service's reputation.

Surplus cash held by the Service, over and above the amounts required for working capital management are invested in interest bearing short deposit accounts.

Below is an analysis of the Service's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows:

	Less than 1 year
	Shs'000
<b>At 30 June 2017:</b>	
<b>Liabilities</b>	
- Trade and other payables	988,984
Total financial liabilities (contractual maturity dates)	988,984
<b>At 30 June 2016:</b>	
<b>Liabilities</b>	
- Trade and other payables	1,238,249
<b>Total financial liabilities (contractual maturity dates)</b>	<b>1,238,249</b>

### Capital management

The Service is governed by the Wildlife Conservation and Management Act, 2013, Laws of Kenya, which does not provide for a specific capital structure.

## 5. TURNOVER

	2017 Shs'000	2016 Shs'000
Analysis of revenue by category:		
Park entry fees	2,605,066	2,226,879
Accommodation	48,281	68,825
<b>Total</b>	<b><u>2,653,347</u></b>	<b><u>2,295,704</u></b>

These are total revenues generated through collections from the visitors entering various gates to the national parks and accommodation charges at various facilities inside the parks and campsites

## 6. DONATIONS AND GRANTS FROM NATIONAL GOVERNMENT

	2017 Shs'000	2016 Shs'000
Donations and Compensation	901,957	361,940
GoK subvention	1,380,827	754,680
<b>Total</b>	<b><u>2,282,783</u></b>	<b><u>1,116,620</u></b>

The Service received Kshs.1.38 billion from The National Treasury being recurrent budget for the year under review. The parent ministry released funds for Wildlife compensation amounting to Kshs230 million, Kenya Railways for SGR Kshs94 million and Kshs.71 million shillings for drought mitigation. The Interior Ministry released Kshs21 million to support Linda Boni operations

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Detailed analysis of grants received from the Government

Name of the Entity sending the grant	Amount recognized in Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2015-2016
	Kshs000	Kshs000	Kshs000	Kshs 000	Kshs000
State Department for Natural Resources	1,380,827	-	-	1,380,827	754,680
State Department for Natural Resources	-	-	270,000	270,000	365,950
<b>Total</b>	<b>1,380,827</b>	<b>-</b>	<b>270,000</b>	<b>1,650,827</b>	<b>1,120,630</b>

## 7. OTHER INCOME

	2017 Shs'000	2016 Shs'000
Compensation from KeNHA	0	1,266,004
Compensation from Kenya Railways (SGR)	0	1,374,900
Rental income	192,432	223,981
Hire of aircrafts and vehicles	23,651	33,798
Air wing sales	28,103	49,205
Insurance compensation	6,318	22,657
Training services	101,706	170,286
Tuition fees – KWSTI	66,343	74,282
KWS Officers' Mess	19,664	8,358
KWS Shops	19,957	11,083
Other miscellaneous income	107,604	308,585
Telecommunication facilities	3,431	86
<b>Total</b>	<b><u>569,209</u></b>	<b><u>3,543,225</u></b>
<b>Interest income</b>	<b><u>106,640</u></b>	<b><u>144,997</u></b>

The interest income was realized from call deposits.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 8. SALARIES, ALLOWANCES AND BENEFITS

	2017 Shs'000	2016 Shs'000
Salaries and allowances	3,258,162	3,453,069
Leave pay & Gratuity accrual	94,382	108,711
	<b>3,352,544</b>	<b>3,561,780</b>
Gratuity contributions, pension and NSSF	250,166	260,364
Passage and leave expenses	81,950	107,883
Medical expenses	215,411	224,493
Total	<b>3,900,071</b>	<b>4,154,520</b>

These are costs related to personnel both permanent and temporary that were engaged by the organization during the year.

The average number of employees at the end of the year was	2017	2016
Permanent employees – Management	4,797	5,212
Temporary and contract employees	1,350	1,300
	<b>6,147</b>	<b>6,512</b>

### 9. (a) OPERATING AND MAINTENANCE COSTS

	2017 Shs'000	2016 Shs'000
Food and rations	132,758	98,092
Office and other related expenses	9,002	12,171
Motor vehicle running expenses	105,908	38,956
Animal feeds	42,249	36,916
Uniform and clothing	33,189	46,501
Specimens veterinary supplies	7,220	6,299
Fence running expenses	461	251
Insurance	88,160	105,556
Legal and professional fee	21,603	26,608
Cleaning and sanitary expenses	14,502	11,320
Road licenses	3,872	58
Estates maintenance expenses	1,256	11,621
Motor vehicle maintenance	53,222	79,645
Maintenance of computer software	31,701	14,539
Maintenance of water supplies	2,512	2,457
Maintenance of game proof defenses	16,600	25,816

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Maintenance of bandas and camp sites	4,962	8,090
External training – MFTS	2,444	9,608
Purchase of tyres	35,076	24,984
Travel and accommodation	93,553	161,356
External travel	11,700	7,302
Field allowance	264,128	0
Hospital referral expenses	496	2,499
Transfer expenses	1,919	2,672
Court case expenses	5,587	6,253
Entertainment	6,829	9,438
Advertising and publicity	10,075	4,282
Sports and recreation expenses	704	89
Special events / public affairs	24,167	32,204
Signage and display	392	737
Staff tea	6,813	8,131
Subscriptions	11,430	18,459
Printing and publishing	4,019	1,381
DSTV subscription	1,110	1,635
Bank charges	19,314	11,624
Wildlife compensation	231,975	230,837
Plant and machinery maintenance	7,696	6,682
Aircraft running expenses	43,457	31,779
Equipments, Boats & Furniture	11,012	10,406
Shop merchandise	9,898	10,065
Maintenance of buildings	19,925	26,875
Roads maintenance	346,708	213,586
Telephone and postage	44,897	22,974
Electricity and water	54,281	59,179
Stationery expenses	23,832	14,234
Consultancy and professional fees	19,649	13,677
BOT allowances & expenses	3,448	3,749
Food and drinks	32,607	141,445
Audit fees	13,111	15,000
Other operating and maintenance Expenses	105,944	495,569
<b>Total</b>	<b><u>2,037,373</u></b>	<b><u>2,123,607</u></b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 9 (b) COMMUNITY SERVICES COSTS

	2017 Shs'000	2016 Shs'000
Community projects' support	51,394	46,797
County compensation expenses	12,006	4,885
Tree nurseries and other support	2,004	482
<b>Total</b>	<b><u>65,404</u></b>	<b><u>52,164</u></b>

### (c) TRAINING AND DEVELOPMENT COSTS

	2017 Shs'000	2016 Shs'000
In – service training	7,460	21,619
Seminars, conferences and meetings	19,820	26,348
Other trainings	38,046	66,071
<b>Total</b>	<b><u>65,326</u></b>	<b><u>114,038</u></b>
<b>TOTAL OPERATING &amp; MAINTENANCE</b>	<b><u>2,168,103</u></b>	<b><u>2,289,808</u></b>

### 10. DEPRECIATION COSTS

	2017 Shs'000'	2016 Shs'000'
Buildings – Residential and Non-Residential	71,199	80,596
Computers and Accessories	860	543
Furniture, fittings, machinery & water supplies	114,648	104,586
Motor Vehicles and Tractors	-	146,754
Aircrafts	29,016	29,016
Boats and Boat Engines	2,063	2,063
Roads, bridges and airstrips (Note 21)	824,019	824,019
Fences and Barriers	40,657	39,991
<b>Total</b>	<b><u>1,082,462</u></b>	<b><u>1,227,568</u></b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 11. INVENTORIES

	2017	2016
	Shs'000	Shs'000
Spare parts and tools	48,064	46,434
Aircraft spares	98,116	16,481
Ammunition	115,459	140,737
Stationery	2,887	3,968
Telecommunication equipment spares	561	666
Building, water and fencing materials	50,521	66,992
Uniforms and compositions	69,480	66,495
Shop items	11,252	11,738
Fuel and oils	46,431	22,836
General stores and tools	12,681	8,312
	<b>455,452</b>	<b>384,659</b>
Less: Provision for slow moving and obsolete items	(82,515)	(76,331)
Total	<b><u>372,937</u></b>	<b><u>308,328</u></b>

### 12. TRADE AND OTHER RECEIVABLES

	2017	2016
	Shs'000	Shs'000
Trade receivables	591,398	550,040
Less: provision for impairment losses	(186,171)	(182,381)
<b>Net trade receivables</b>	<b><u>405,227</u></b>	<b><u>367,659</u></b>
Net staff receivables	112,937	110,958
Other receivables	258,352	261,665
GoK Grants Receivable	-	200,000
<b>Net trade and other receivables</b>	<b><u>776,516</u></b>	<b><u>940,282</u></b>

Receivables represent outstanding balances from the various hotels and facilities in the park and balances held by staff at the closure of the financial year.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents include the following:

	2017 Shs'000	2016 Shs'000
Bank balances – KWS Operations	947,848	352,636
Bank balances – Projects	832,588	640,822
Cash at hand-KWS Operations	89,164	5,387
<b>Sub Total</b>	<b>1, 869,600</b>	<b>998,845</b>
<b>Short Term Deposits</b>	<b><u>1,253,000</u></b>	<b><u>1,391,471</u></b>
<b>Total</b>	<b><u>3,122,600</u></b>	<b><u>2,390,316</u></b>

Cash and Cash equivalent represent the organization money held in petty cash and in the various banks in KES and USD

### 14. TRADE PAYABLES AND ACCRUALS

	2017 Shs'000	2016 Shs'000
Trade payables	490,257	610,144
Accruals	160,766	213,799
Payroll deductions	271,575	284,278
Contract retention payable	54,329	49,057
Other payables	12,057	13,117
<b>Total</b>	<b><u>988,984</u></b>	<b><u>1,170,395</u></b>

### 15. UNEXPENDED SPECIFIC PROJECTS

	2,017 Shs'000	2,016 Shs'000
Balance at the beginning of the year	595,114	1,855,365
Additions	1,030,621	-
Utilized in the year	(868,552)	(1,260,251)
<b>Balance at the end of the year</b>	<b><u>757,183</u></b>	<b><u>595,114</u></b>

These are donor funds unutilised at the close of the financial year

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 16. ENDOWMENT FUND

2017	2016
Shs'000'	Shs'000'
<u>1,120,396</u>	<u>67,854</u>

The Wildlife Conservation and Management Bill 2013 has provided that the Service shall establish a Wildlife Endowment Fund and which shall be vested in the Board of Trustees. Some of the functions of the Fund will include; development of wildlife conservation initiatives, management and restoration of protected areas and conservancies, protection of endangered species, habitats and ecosystems as well as support of wildlife security operations. The fund has not been fully set up but the process is still ongoing.

### 17. CASH FLOW WORKINGS

	Kshs.'000'
Operating deficit for the year	(3,821,440)
Adjustments for:	
Depreciation charge	1,082,462
Gain on disposal of assets	-
Interest income	(106,640)
<b>Changes in working capital:</b>	
Inventories	(64,609)
Trade and other receivables	163,765
Trade and other payables	(181,411)
Unexpended specific donations	162,069
Endowment Funds	
<b>Cash Used in Operations</b>	<b><u>(1,713,262)</u></b>



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
**18. PROPERTY, PLANT AND EQUIPMENT**

	Buildings		Computers & Accessories	Machinery, Water Supplies, Furniture & Equipment	Motor Vehicles & Tractors	Aircraft	Boats and Boat Engines	Roads & Bridges	Airstrips	Fences & Barriers	Work-in-Progress	Total
	Non Residential	Residential										
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
<b>COST</b>												
At 30th June 2015	1,366,677	2,197,609	271,034	1,912,815	2,043,796	637,899	36,540	3,735,872	384,225	802,693	347,269	13,736,429
Additions	25,522	-	1,909	85,257	46,226	20,855	-	-	-	4,068	58,146	341,983
At 30th June 2016	1,392,199	2,197,609	272,943	1,998,072	2,090,022	658,754	36,540	3,735,872	384,225	806,761	405,415	13,978,412
At 1st July 2016	1,392,199	2,197,609	272,943	1,998,072	2,090,022	658,754	36,540	3,735,872	384,225	806,761	405,415	13,978,412
Additions	-	-	2,853	114,501	-	-	-	-	-	9,132	142,980	269,466
Transfers	5,901	69,187	-	-	-	-	-	-	-	-	(75,088)	-
<b>At 30th June 2017</b>	<b>1,398,100</b>	<b>2,266,796</b>	<b>275,796</b>	<b>2,112,573</b>	<b>2,090,022</b>	<b>658,754</b>	<b>36,540</b>	<b>3,735,872</b>	<b>384,225</b>	<b>815,893</b>	<b>473,307</b>	<b>14,247,878</b>
<b>DEPRECIATION</b>												
Accumulated Depreciation as At 1 July 2015	(781,158)	(469,822)	(268,727)	(1,274,413)	(1,943,268)	(214,824)	(21,209)			(391,289)		(5,364,710)
Charge for the year	(51,190)	(29,406)	(543)	(104,586)	(146,754)	(29,016)	(2,063)	(747,174)	(76,846)	(39,990)	-	(1,227,568)
Adjustment on Dep								(747,174)	(76,846)			(824,020)
Accumulated depreciation as at June 30, 2016	(832,348)	(499,228)	(269,270)	(1,378,999)	(2,090,022)	(243,840)	(23,272)	(1,494,348)	(153,692)	(431,279)	-	(7,416,298)
Accumulated depreciation as At 1 July 2016	(832,348)	(499,228)	(269,270)	(1,378,999)	(2,090,022)	(243,840)	(23,272)	(1,494,348)	(153,692)	(431,279)	-	(7,416,298)
Charge for the year	(49,058)	(22,140)	(860)	(114,649)	-	(29,016)	(2,063)	(747,174)	(76,845)	(40,657)	-	(1,082,462)
Accumulated Depreciation as At June 30th 2017	(881,406)	(521,368)	(270,130)	(1,493,648)	(2,090,022)	(272,856)	(25,335)	(2,241,522)	(230,537)	(471,936)	-	(8,498,760)
<b>Net Book Value as at June 30, 2017</b>	<b>516,694</b>	<b>1,745,428</b>	<b>5,666</b>	<b>618,925</b>	<b>-</b>	<b>385,898</b>	<b>11,205</b>	<b>1,494,350</b>	<b>153,688</b>	<b>343,957</b>	<b>473,307</b>	<b>5,749,118</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 19. RELATED PARTY DISCLOSURES

#### i. Government of Kenya

The Service is fully owned by the Government of Kenya. The Government of Kenya provides grants to KWS to finance its operations. It also provides full guarantees to all long-term lenders of the Service, both domestic and external. The relevant balances are shown in appendix 2.

#### ii. Key management compensation

Key management includes the salaries and benefits of the Director General and Deputy Directors. The compensation paid or payable to key management for employee services is shown below:

	2017	2016
	Shs'000	Shs'000
Salaries and other short-term employment benefits	49,494	47,402

#### iii. Trustees' remuneration

Fees for services as a Trustee	3,794	3,750
Other emoluments included in employee benefits	-	7,197
Total remuneration of Trustees of the Service	<u>3,794</u>	<u>10,947</u>

### 20. CONTINGENT LIABILITIES

The Service has contingent liabilities in respect of legal claims arising in the ordinary course of business as listed below:

- NSSF Court case- The Service is faced with a payment demand from NSSF arising from alleged non-compliance with the NSSF ACT, CAP 258 Laws of Kenya. The amount demanded is KShs 1,145 million, of which KShs 146 million relates to the principal contributions. The rest is interest and penalties that have accumulated over the years. The assessment was for the period September 2007 to October 2008. The Service has contested the assessment in court and the case is ongoing. The Trustees do not believe that any significant additional liability will arise from the resolution of these matters. A summary of the pending cases and claims against the Service is as follows

	2017	2016
	Shs'000	Shs'000
NSSF Claims (principal, penalties and interest)	1,145,564	1,145,564
<b>Total</b>	<b><u>1,145,564</u></b>	<b><u>1,145,564</u></b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 21. CAPITAL COMMITMENTS

	2017 Shs'000	2016 Shs'000
Authorized and contracted for	43,220	65,710
<b>Less: Amounts incurred and included in work-in-progress</b>		
Authorized but not contracted for		1,491,886
	<b><u>43,220</u></b>	<b><u>1,557,596</u></b>

### 22. CONTINGENT LIABILITIES.

Bank guarantees

Legal claims against the entity

			2017 Kshs000	2016 Kshs000
Collateral	MM1717175690	20/06/17 - 20/09/17 @ 7.00 %	1,035	-
Guarantee	MD1635600006	Value Date : 21/12/16	(1,005)	-
		Maturity date : 21/12/17		
		Type : Guarantee Issued		
Collateral	MM1722790895	15/08/17 - 15/11/17 @ 7.00 %	1,315	-
Guarantee	MD1630600006	Value Date : 01/11/16	(1,258)	-
		Maturity date : 01/11/17		
		Type : Guarantee Issued		
Collateral	MM1722790899	15/08/17 - 15/11/17 @ 7.00 %	930	-
Guarantee	MD1630600007	Value Date : 01/11/16	(890)	-
		Maturity date : 01/11/17		
		Type : Guarantee Issued		
Collateral	MM1722389978	11/08/17 - 12/02/18 @ 7.00 %	500	-
Guarantee	MD1722600001	Value Date : 14/08/17	(500)	-
		Maturity date : 14/08/19		
		<b>Type : Bid Bond Issued</b>		

These bank Guarantees relates to decrees issued by the court in relation to court cases against the Service.

## PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is a summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	Physical verification of fixed assets across the regions to be carried out.	To carry out the physical assets verification exercise and update the assets register.	H-Finance	Not resolved	September 2017
1.2	Disposed assets to be removed from the assets register	To carry out assets verification and update the assets register	H-Finance	Not resolved	September 2017
1.3	Misstatement of Depreciation charge	To reconcile the assets register to the GL and adjustment to be effected	H-Finance	Not resolved	September 2017
1.4	Regular assessment of WIP	To carry out regular assessment of the WIP to ascertain the completed projects for transfer to respective assets accounts.	H-Finance, Head of Fleet & Buildings	Not resolved	September 2017
1.5	Impairment of assets	The Service to carry out impairment of assets on annual basis to comply with IFRS.	H-Finance	Not resolved	September 2017
1.6	Title deeds processing	To continue engaging the lands ministry and other stake holders to secure all title deeds for the Service land.	Head lands & H-Finance	Not resolved	Continuous
2.1	Adequate provisions of receivables	To assess the Service receivables and make provisions accordingly	H-Finance	Resolved	Quarterly
2.2.1	Medical receivables from employees	To provide ex-gratia budget allocation to cover excess medical for staff who have left the Service or have passed on.	Deputy Director Human Capital& H-Finance	Not resolved	September 2017
2.2.2	Leave allowance monitoring	Regularly monitor leave allowances paid and reconcile payroll to GL	H-Finance	Not fully resolved	September 2017



## PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS (CONTINUED)

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.2.3	Mortgage scheme reconciliation regularly	Regular reconciliations will be carried out on the mortgage account to bring up to date.	H-Finance	Resolved	Monthly
3.1	Inventories module	To adopt an inventory module on its financial system during the system upgrade	H-Finance	Not resolved	September 2017
3.2	Inventories aging analysis	To work out aging analysis of the Service inventories to ensure obsolete stock are adjusted in the GL	H-Finance	Not resolved	September 2017
4.1-2	Cash & Bank reconciliations	To reconcile the cash & bank balances to bring them up to date	H-Finance	Not resolved	September 2017
4.3	Updating of signatories	To review all bank signatories and delete those who have left the Service	H-Finance	Resolved	Continuous
5.1	Variances in foreign currencies in the GL	To reconcile the variances which are mainly attributed to errors in the translation of forex to clear them from the ledger.	H-Finance	Not resolved	September 2017
5.2	Manual ticketing	To fast track an automated revenue system to replace the manual ticketing at the Park gates.	H-Finance	Not resolved	December 31, 2017
6.1	Reconciliation of Endowment Fund account	To reconcile the endowment Fund account to bring it up to date	H-Finance	Resolved	Quarterly
7	KeNHA & SGR funds utilized on recurrent expenditure	To follow up with the parent Ministry and The National Treasury for a possible reimbursement	H-Finance	Not resolved	December 31, 2017
8.1	Supplier reconciliations	To reconcile all supplier accounts in the Ledger.	H-Finance	Not resolved	September 2017
8.2	Reconciliations of the Accruals account	To reconcile the accruals account	H-Finance	Not resolved	September 2017



## PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS (CONTINUED)

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
8.3	Unsupported liabilities in the GL	To reconcile unsupported liabilities accounts in the GL and effect adjustments	H-Finance	Resolved	Resolved
8.4	Suppliers with more than one account in the GL	In a few instances, suppliers have erroneously been allocated two GL accounts.	H-Finance	Resolved	Resolved
9.1	Reconciliation of VAT accounts	Management has constituted a team to reconcile the VAT accounts	H-Finance	Resolved	Monthly
9.3	Training of accountants on processing of VAT	To conduct seminar for all accountants on the processing of Tax and statutory deductions	H-Finance	Not resolved	October 2017
10.1	Fast tracking the NSSF case	KWS believes that no liability will arise from this case and is fast tracking the same with the court.	Corporation Secretary & Head Finance	Not resolved	On going
10.2	Actuarial valuation of the DBS-Pension	Management appreciated this requirement and will annually undertake a valuation.	H-Finance	Resolved	Annually
10.3	Timely remittance of statutory deductions	A few instances were noted where statutory deductions were remitted a few days later due to unavailability of the ITMS system.	H-Finance	Resolved	Monthly
10.4	Management of leave days	To assess leave days on regular basis to ensure staff take their leave in accordance with policy.	Deputy Director Human Capital & Head Finance	Resolved	Quarterly
10.5	Payroll to GL reconciliations	To carry out monthly reconciliations on payroll to GL	H-Finance	Resolved	Monthly
10.6	Regularizing the recruitment of temporary staff	To review the contracts of long serving employees to consider them for permanent employment.	Deputy Director Human Capital & H-Finance	Not resolved	On going

## PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS (CONTINUED)

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
11	Reconciliation of Net Reserves account	Regular reconciliations be done on the Net Reserves account.	H-Finance	Resolved	Quarterly
12	Prior period adjustments	A few instances were noted where prior period items were adjusted in the current year.	H-Finance	Currently, prior period items are adjusted to the reserves.	On going



Ag Head Finance

Date

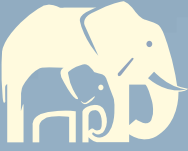
28/5/18



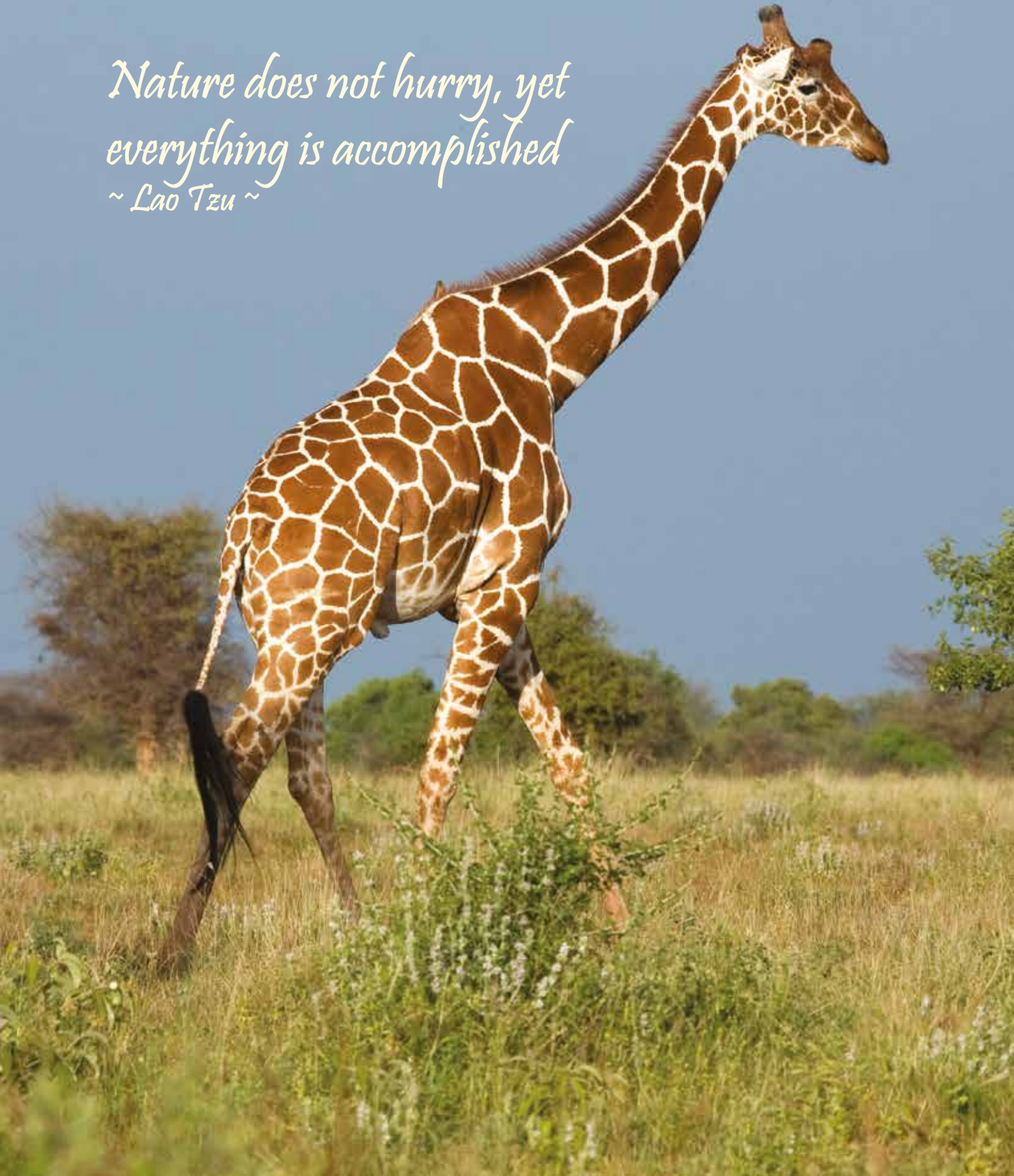
Ag Director General

Date

28/5/18



*Nature does not hurry, yet  
everything is accomplished*  
~ Lao Tzu ~





## APPENDIX 1: PROJECTS IMPLEMENTED BY THE ENTITY

### Projects

Projects implemented by the State Corporation / SAGA Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/ No)	Consolidated in these financial statements
Conservation of Biodiversity in Northern Kenya – FRANCE	1106101500	AFD	6 years	Yes	Yes	Yes

### Status of Projects completion

(Summarise the status of project completion at the end of each quarter, if total costs incurred, stage which the project is etc)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Conservation of Biodiversity in Northern Kenya – FRANCE	1,145,100	350,307.83	31%	602,658.17	143,030.94	AFD Gok



## APPENDIX 2: INTER-ENTITY TRANSFERS


ENTITY NAME:	KENYA WILDLIFE SERVICE
Break down of Transfers from the State Department of Natural Resources	
Financial year 2016/2017	

a. **Recurrent Grants**

		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
1	State Department for Natural Resources	Drought mitigation	71,000,000	2016-2017 FY
2	State Department for Natural Resources	Compensation funds	175,000,000	2016-2017 FY 2016-2017 FY
3	State Department for Natural Resources	Compensation funds	55,000,000	2016-2017 FY
4	National Police Service	Security allowances for special police officers	2,400,0000	2016-2017 FY
5	State Department of interior	Operation Linda Boni	6,000,000	2016-2017 FY
6	National land Commission	Fence Alignment	4,130,275	2016-2017 FY
7	State Department of interior	Operation Linda Boni	15,000,000	2016-2017 FY
		<b>Total</b>	<b>328,530,275</b>	

The above amounts have been communicated to and reconciled with the Parent Ministry

**Head of Finance  
Kenya Wildlife Service**

Sign 

**Head of Accounting Unit  
Ministry of Environment and Natural  
Resource**

Sign \_\_\_\_\_

### APPENDIX 3: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date re- ceived as per bank statement	Nature: Recurrent/ De- velopment/Others	Total Amount – Ksh	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Per- formance Ksh.	Capital Fund Ksh.	Deferred Income	Receivables	Others - must be specific	
Dept of Natural Resources	31/10/2016	Recurrent Grants	202,206,800						<b>202,206,800</b>
Dept of Natural Resources	17/11/2016	Recurrent Grants	238,206,800						<b>238,206,800</b>
Dept of Natural Resources	17/11/2016	Development Grants		270,000,000	270,000,000				<b>270,000,000</b>
Dept of Natural Resources		Operation Linda Boni						15,000,000	<b>15,000,000</b>
Dept of Natural Resources	31/03/2017	Recurrent Grants	220,206,800						<b>220,206,800</b>
Dept of Natural Resources	42,860	Recurrent Grants	720,206,800						<b>720,206,800</b>
Dept of Natural Resources	43,012	Drought mitigation						71,000,000	<b>71,000,000</b>
Dept of Natural Resources	23/03/2017	Compensation funds						175,000,000	<b>175,000,000</b>
Dept of Natural Resources	42,888	Compensation funds						55,000,000	<b>55,000,000</b>
National Police Service	22/06/2017	Security allowances for special police officers						2,400,000	<b>2,400,000</b>
Department of Interior	15.05/2017	Operation Linda Boni						6,000,000	<b>6,000,000</b>
National lanCom- mission	18/04/2017	Fence at Meru N Park						4,130,275	
<b>Total</b>			<b>1,380,827,200</b>	<b>270,000,000</b>	<b>270,000,000</b>	<b>-</b>	<b>-</b>	<b>328,530,275</b>	<b>1,975,227,200</b>





"Harmony with land is like harmony with a friend;  
you cannot cherish his right hand and chop off his left"  
~ Aldo Leopold ~





1. Africa Network for Animal Welfare
2. African Conservation Centre
3. African Fund for Endangered Wildlife
4. African Union Inter-African Bureau of Animal Resources
5. African Wildlife Foundation
6. African World Heritage Fund
7. Amboseli Trust for Elephants
8. ARN security
9. Bill Jordan Wildlife Defense Fund
10. Birdlife International
11. Born Free Foundation
12. Brand Kenya
13. British Army Training Unit Kenya
14. Care for the Wild International
15. Centers for Disease Control and Prevention
16. CITES Mike Programme
17. CMC Motors
18. Council of Agriculture, TAIWAN
19. David Sheldrick's Wildlife Trust
20. Delegation of the European Union to Kenya
21. Development Alternatives Inc
22. EABL Foundation
23. Earthwatch Institute
24. East African Wildlife Society
25. Ecobank
26. Eden Wildlife Trust
27. Elephant Neighbours Center
28. Elephant Research Trust Fund
29. ElephantVoices
30. Elizabeth Glaser Pediatric AIDS Foundation
31. Embassy of Brazil
32. Embassy of France
33. Embassy of Israel
34. Embassy of Italy
35. Embassy of the People's Republic of China
36. Embassy of the United States
37. Equity Bank Group
38. Ethics and Anti-Corruption Commission
39. European Union
40. Finlays Horticulture
41. Flamingo Hill Camp
42. Florensis Kenya Ltd
43. Food and Agriculture Organization
44. Forestry Bureau
45. Frei geboren
46. French Development Agency
47. Friedrich-Loeffler-Institut of Animal Health
48. Friends of Conservation
49. George Adamson Wildlife Preservation Trust
50. German Embassy
51. Giraffe Centre
52. Global Environment Facility
53. High Commission of Canada
54. International Center of Insect Physiology and Ecology
55. International Fund for Animal Welfare
56. International Livestock Research Institute
57. International Union for the Conservation of Nature
58. INTERPOL
59. Japan International Cooperation Agency
60. KENGEN
61. Kenya Agricultural & Livestock Research Organisation
62. Kenya Agricultural Research Institute
63. Kenya Airports Authority
64. Kenya Association of Hotel Keepers & Caterers
65. Kenya Association of Manufactures
66. Kenya Brazil Cooperation
67. Kenya Commercial Bank
68. Kenya Forestry Research Institute
69. Kenya Forestry Research Institute
70. Kenya Forest Service
71. Kenya Land Conservation Trust
72. Kenya Medical Research Institute
73. Kenya Organization for Environmental Education
74. Kenya Plant Health Inspectorate Service
75. Kenya Ports Authority
76. Kenya Roads Board
77. Kenya Tourism Board
78. Kenya Tourism Federation
79. Kenya Veterinary Services
80. Kenya Water Towers Agency
81. Kenya Wildlife Conservancies Association
82. Kenya Wildlife Trust
83. KLM Royal Dutch Airlines
84. Lake Nakuru Lodge
85. Lusaka Agreement Task Force
86. Marwell Preservation Trust
87. Meridian Medical Centre
88. Nairobi Greenline
89. Nakumatt Supermarkets
90. National Environmental Management Authority
91. National Museums of Kenya
92. Netherlands Environmental Assessment Agency

93. Ngorongoro Conservation Area Authority
94. NIC Bank
95. Northern Rangelands Trust
96. Novartis Animal Health
97. Office of The Auditor General Kenya
98. Orpower
99. Oserian Development Company Ltd
100. Park Action Committee Nakuru
101. Parks Canada
102. Ramsar Convention
103. Rhino Ark
104. Sarova Lion Hill Game Lodge
105. Savannah Club Japan
106. Save Elephant Foundation
107. Save the Elephants
108. Save the Mau Trust
109. Stand Out Shout Out
110. Stop Ivory
111. Tanzania National Parks
112. Tanzania Wildlife Research Institute
113. The David Sheldrick Wildlife Trust
114. The Green Belt Movement
115. The Kenya Association for Tour Operators
116. The Kenya Judiciary
117. The Mater Hospital
118. The Nature Conservancy
119. The World Conservation Union
120. Toyota Kenya
121. Tsavo Elephant Research
122. Tsavo Trust
123. U.S. Fish and Wildlife Services
124. Uganda Wildlife Authority
125. United Nations Development Programme
126. United Nations Educational, Scientific and Cultural Organisation
127. United Nations Environment Programme
128. United Nations Office on Drugs and Crime
129. United States Agency for International Development
130. United States Agency for International Development (USAID)
131. University of Nairobi, Faculty of Veterinary Medicine
132. Vad Den Berg
133. Wildlife Clubs of Kenya
134. Wildlife Conservation Society
135. Wildlife Direct
136. World Bank
137. World Organization of Animal Health
138. World Wide Fund for Nature
139. World Wildlife Fund
140. Zoo d'Amnéville
141. Zoological Society of London





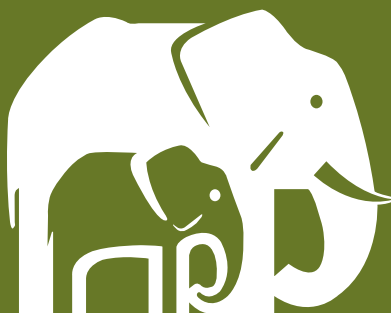
*Running water never grows stale,  
so you just have to keep on flowing”*

*~Bruce Lee~*





**KENYA  
WILDLIFE  
SERVICE**



**KENYA WILDLIFE SERVICE HEADQUARTERS (KWS)**

Director General, Kenya Wildlife Service,  
P.O. Box 40241 - 00100 Nairobi, Kenya.  
Tel: +254 (020) 399 1000/399 1000, +254 (20) 2379407  
+254 (20) 2379408, +254 (20) 2379409  
Email: [kws@kws.go.ke](mailto:kws@kws.go.ke)

**KWS TRAINING INSTITUTE**

Principal, Kenya Wildlife Service Training Institute,  
P.O. Box 842-20117 Naivasha.  
Tel: +254 (50) 2021329, +254 (50) 2021328.  
Mobile: +254 700 000 321  
Email: [kwsti@kws.go.ke](mailto:kwsti@kws.go.ke)

**KWS LAW ENFORCEMENT ACADEMY**

Commandant, Law Enforcement Academy LEA  
TEL: +254 (43) 20 30054, (43) 20 30469.  
P.O. Box Private Bag - 80301 Voi.  
Email: [mftsmanyani@kws.go.ke](mailto:mftsmanyani@kws.go.ke)

**KWS AIRWING**

Head of Airwing, KWS Hangar  
Wilson Airport,  
P.O. Box 54582-00200 Nairobi.  
Tel: +254 (20) 600 9451 / 600 9703 / 242 3419  
Email: [airwing@kws.go.ke](mailto:airwing@kws.go.ke)



[@kwskenya](https://twitter.com/@kwskenya)



[facebook.com/KenyaWildlifeService](https://facebook.com/KenyaWildlifeService)



[kenyawildlifeservice](https://instagram.com/kenyawildlifeservice)