

REPUBLIC OF KENYA



*Enhancing Accountability*

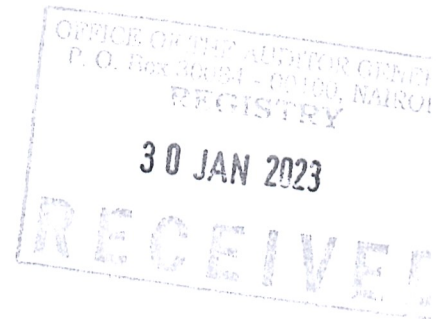
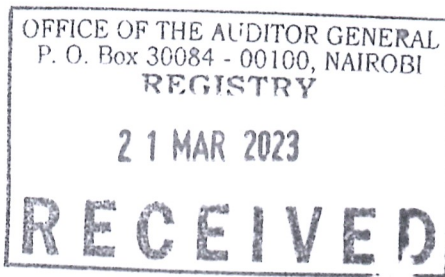
THE NATIONAL ASSEMBLY PAPERS LAID	
<b>REPORT</b>	
DATE:	26 APR 2023 DAY.
TABLED BY:	Hon. Naomi Wago, M.P. Deputy Majority Whip
OF THE ASSEMBLY:	Christine Ndlovu

**THE AUDITOR-GENERAL**

**ON**

**NUCLEAR POWER AND ENERGY  
AGENCY**

**FOR THE YEAR ENDED  
30 JUNE, 2022**



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**NUCLEAR POWER AND ENERGY AGENCY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2022**

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**Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)**

***Nuclear Power and Energy Agency***  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

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## **1. Key Entity Information and Management**

### **(a) Background information**

The Nuclear Power and Energy Agency (NuPEA) is a State Corporation established under the Energy Act 2019 on 12th of March 2019. NuPEA is charged with the responsibility of promoting and implementing Kenya's nuclear power programme, carrying out research and development for the energy sector and Capacity Building in the Energy and Petroleum Sectors.

Towards attainment of its mandate, NuPEA shall develop policies and legislation, undertake public education and awareness, identify suitable sites for the construction of Nuclear Power Plants; carry out research, development and innovation on energy technologies as well as capacity building for the energy sector.

### **(b) Principal Activities**

The Agency's mandate as stipulated in Section 56(1) of the Energy Act, 2019, are to:

- a. Be the nuclear energy programme implementing organization and promote the development of nuclear electricity generation in Kenya; and
- b. Carry out research, development and dissemination activities in the energy and petroleum sectors in Kenya.

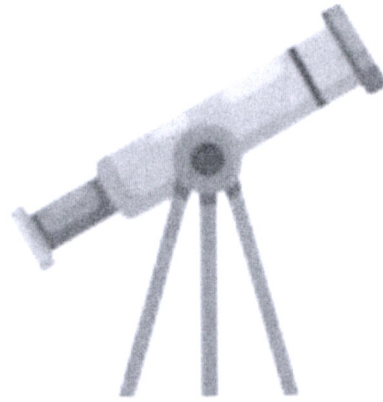
The Agency's broad functions are to:

- i. Promote the development of nuclear electricity generation in Kenya;
- ii. Undertake public education and awareness creation on Kenya's nuclear power programme;
- iii. Carry out research and development in the energy and petroleum sectors;
- iv. Disseminate research findings and innovations; and
- v. Undertake capacity building in the energy and petroleum sectors.

The specific functions of the Agency as stipulated in Section 56(2) of the Energy Act, 2019 are:

- a. Propose policies and legislation necessary for the successful implementation of a nuclear power programme;
- b. Undertake extensive public education and awareness on Kenya's nuclear power programme;
- c. Identify, prepare and facilitate implementation of an approved roadmap for a nuclear power programme;
- d. In collaboration with the relevant government agencies develop a comprehensive legal and regulatory framework for nuclear electricity generation in Kenya;
- e. Develop a human resource capacity to ensure Kenya has the requisite manpower to successfully establish and maintain a nuclear power programme;
- f. Identify appropriate sites in Kenya for the construction of nuclear power plants and their related amenities;
- g. Enter into collaborative programmes with other countries, international and national organisations in relation to nuclear electricity research and development;
- h. Identify a suitable operator for nuclear power plants;
- i. Establish a well-stocked library and information centre on nuclear science and technology;
- j. Promote local, regional and international participation in research activities, particularly in technology-oriented research;
- k. Put in place mechanisms to attract private sector funding in research and human resource development for matters relating to energy;
- l. Undertake a national research and human resource development road-mapping to assess the status of research in key energy technologies;
- m. Promote local production of energy technologies;
- t. Provide for—
  - i) training and development in the field of energy and petroleum, research and technology development; and
  - ii) commercialization of energy technologies resulting from energy research and development programmes;
  - u. Register patents and intellectual property in its name resulting from its activities;
  - v. Authorize other persons for the use of its patents and intellectual property on such terms as the Agency may deem fit;
  - w. Publish its research findings and other research materials;
  - x. Establish facilities for the collection and dissemination of information in connection with research, development and innovation in the energy sector;
  - y. Undertake any other energy technology development related activity as directed by the cabinet secretary;
  - z. Collaborate with relevant training centres to ensure synergy in matters relating to energy;
    - aa. Promote relevant energy research through cooperation with any entity, institution or person equipped with the relevant skills and expertise;
    - bb. Make grants to educational and scientific institutions in aid of research in energy issues or for the establishment of facilities for such research;
    - cc. Promote the training of research workers in the energy sector by granting bursaries or grants-in-aid for research;
    - dd. Undertake the investigations or research

- n. Collaborate with institutions that collect, analyse and prepare policy papers in order to access energy sector specific information;
- o. Enhance research linkages between industry and academia in matters relating to energy;
- p. Continuously train and upgrade human resource capacity in the energy sector to keep up with the changing technological issues in collaboration with training institutions;
- q. Advise on training curriculum and training needs targeting key areas in the energy sector;
- r. Direct, monitor, conduct and implement energy research and technology development in all fields of energy;
- s. Promote energy research and technology innovation;
- that the cabinet secretary, after consultation with relevant institutions, may assign to it;
- ee. Advise the cabinet secretary on research in the field of energy technology;
- ff. Create awareness and disseminate information on the efficient use of energy and its conservation; and
- gg. Undertake any other functions as may be necessary for the execution of its mandate under this act.



**Vision: Provider of safe and sustainable energy solutions**

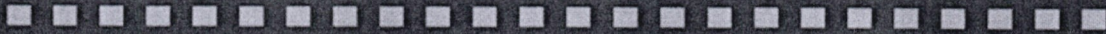


**Mission: To develop nuclear power, and undertake research and capacity building in the energy and petroleum sectors for socio-economic prosperity**

# Our Core Values



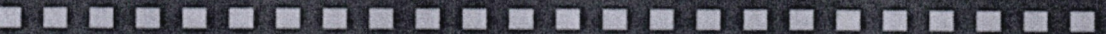
Integrity



Excellence



Teamwork



Creativity/Innovativeness



**(c) Key Management**

The Agency day-to-day management is under the following key organs:

- Board of Directors
- Chief Executive Officer
- Heads of Departments

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility were:

*Table 1: Fiduciary Management in NuPEA*

No.	Designation	Name
1	Chief Executive Officer	Eng. Collins Juma, MBS
2	Director, Legal & Regulatory & Corporation Secretary	Mr. Justus Wabuyabo
3	Ag. Director Corporation Service	CPA. Caren Oduor
4	Manager, Supply Chain	Dr. Anthony Lusuli

**(e) Fiduciary Oversight Arrangements**

The key fiduciary oversight arrangements for the Agency for the financial year 2021/22 included:

**i. The Board Audit Committee**

The Board Audit Committee assesses effectiveness of the Agency’s internal control and risk management and compliance framework, it reviews the impact of significant accounting and reporting issues such as professional and regulatory pronouncement; meets management and both external and internal auditors to review the financial statements and results of the audit process and assesses if generally accepted accounting principles have been consistently applied in the preparation of preliminary announcement & interim financial statements.

**ii. The Board Finance and Human Resource Committee**

The Human Resource and Finance Committee reviews, and as appropriate, acts on behalf of the Board, or makes recommendations to the Board concerning Human Resource, Administration, Finance, Information Communication Technology (ICT), procurement and supply chain issues.

**iii. The Board Technical Committee**

The Technical Committee to review, and as appropriate, act on behalf of the Board, or make recommendations to the Board concerning legal and technical infrastructure issues for the successful implementation of a nuclear power programme in Kenya.

**iv. The Board Strategy and Research Committee**

The Strategy and Research Committee reviews, and as appropriate, acts on behalf of the Board, or makes recommendations to the Board concerning planning, strategy, research and business development issues.

**v. Parliamentary Oversight Committees**

Parliament has a constitutional mandate to scrutinize government spending and oversight functions of the Agency. The National Assembly, through its committees, exercises oversight over national revenue and expenditure.

**vi. Inspectorate of State Corporations**

The Inspectorate of State Corporation is tasked with ensuring an efficient public management system in parastatals and undertakes management audits in State Corporations to ensure compliance with set policies, rules and procedures; and providing advisory services to Government and other stakeholders on matters affecting State Corporations.

**vii. International Atomic Energy Agency (IAEA)**

The IAEA seeks to accelerate and enlarge the contribution of atomic energy to peace, health and prosperity throughout the world. The IAEA supports the Agency in establishing the necessary infrastructure in implementing the nuclear power programme in compliance with international best practices.

**viii. Office of the Auditor-General**

The Office of the Auditor-General is mandated to ensure that accountability and transparency are adhered to at the three arms of government. It audits and reports on accounts of the Agency.

**ix. State Corporations Advisory Committee (SCAC)**

The Committee powers are drawn from section 27 of the State Corporations Act chapter 446. The committee provides leadership in development and implementation of systems and procedures for ensuring efficient management of State Corporations

**(f) Entity Headquarters**

P.O. Box 26374-00100

Kawi House Complex

South C - Red Cross Road,

Nairobi, KENYA

**(g) Entity Contacts**

Telephone: (254) 20 5138300

E-mail: [info@nuclear.co.ke](mailto:info@nuclear.co.ke)

Website: [www.nuclear.co.ke](http://www.nuclear.co.ke)

**(h) Entity Bankers**

**i. Kenya Commercial Bank**

Moi Avenue Branch

P.O Box 48400-00100

Nairobi, Kenya

**ii. Co-operative Bank of Kenya**

Mombasa Road Branch

P O Box 48231-00100

Nairobi, Kenya

iii. National Bank of Kenya

South C-Red Cross Branch

P.O Box 38645-00100

Nairobi, Kenya

**(i) Independent Auditors**

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084 GPO 00100

Nairobi, Kenya

**(j) Principal Legal Adviser**

The Attorney General

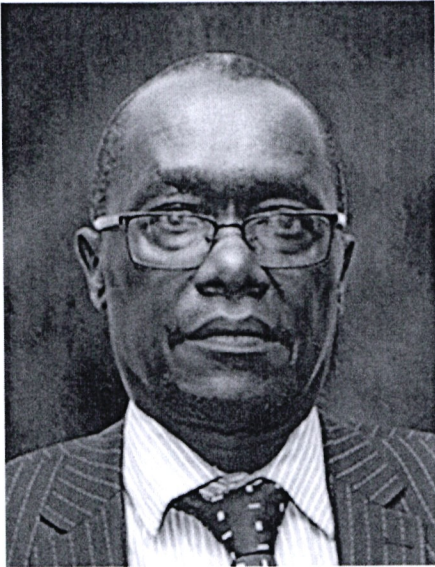
State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112 City Square 00200

Nairobi, Kenya

## **2. The Board of Directors**



**Mr. Ezra Odondi Odhiambo**  
**Chairman of the Board**

Mr. Odhiambo has expertise in strategic planning, business process re-engineering and improvement, change management, project management, telecommunications systems, computer systems, human resource management and design development and implementation of application software. His expertise has been acquired through holding Board positions and undertaking consultancy work such as sugar company operations, financial services, postal services and telecommunication services among others. He is a member of the Board of directors at Chemelil Sugar Company. Previously, he has served as a member of the Board of Directors of National Irrigation Board 2016-2017; Kenya National Bureau of Statistics 2014-2016; Netcom Information System Ltd 1992 to date; BOMAS of Kenya 2004-2007; Kokuro Secondary School 2003-2006. He also served as Chairman at Apex Construction Company Ltd 2013-2017; Executive Committee Member, Information Standards Technology Association (Kenya) 1992-1997. He is a Member of the Computer Society of Kenya.



**Eng. Samson Nyika Maundu**  
**Consulting Electrical Engineer**  
**Board Member**  
(13<sup>th</sup> May 2022 to 30<sup>th</sup> June 2022)

Eng. Samson Maundu is a partner and a Director at Rex Consultants Ltd in charge of Electrical, Electronics and Telecommunications. He holds a Bsc degree in Electrical & Electronics Engineering from the University of Nairobi. Eng. Maundu is a practising Consultant Engineer and a member of the Institution of Engineers of Kenya (IEK) with wide experience in both low and high voltage engineering systems. Eng. Maundu previously worked at the then Ministry of Public Works where he rose from an Assistant Engineer to a provincial Engineer where he was in charge of 19 districts.



**Prof. Henry Kipkogei Rono**  
**Board Member**  
(13<sup>th</sup> May 2022 to 30<sup>th</sup> June 2022)

Prof. Henry Rono, is a seasoned economic and industrial development expert with a sustained career in ICT, e-learning, Management Information Systems (MIS) in education and health sectors. Prof. Rono has supported consultancy and the implementation of MIS for the Ministry of Health in Kenya financed by USAID and also the National Hospital Insurance Fund (NHIF) also in Kenya. He was also the principal consultant on needs assessment, design and implementation of the Management Information System (MIS) for the Kenyatta University Teaching and Referral Hospital (KUTRH); one of the latest referral hospitals in Kenya. At present, he is part of the team supporting implementation of MIS for three regional hospitals in Kenya.



**Ms. Zahra Haji**  
**Board Member**  
*Alternate to the Cabinet Secretary  
National Treasury*

Ms. Zahra Haji holds a Bachelor of Art in Journalism from United State International University - Africa and a Master's degree from University of Westminster in broadcast Journalism. She is experienced and has a demonstrated history of working in the public relations and communications industry.



**CPA Moses Gitari**  
**Board Member**  
*Alternate to the Principal  
Secretary - Energy*

CPA Moses Gitari is the Head of Accounting Unit, State Department for Energy. He holds an MBA in Strategic Management from Nairobi University and BBA in Accounting and Finance from KEMU. Mr Gitari is a practicing Accountant and a member of Institute of Certified Public Accountant of Kenya (ICPAK) ICPAK. He has vast experience in Accounting Systems Implementation and Business process re-engineering.

He has previously worked in the Ministry of Health as an Accountant and at the National Treasury IFMIS Department as the Head of Business process re-engineering. Prior to this appointment Mr. Gitari was a member of the EPPRA Board alternate to the Principal Secretary, Ministry of Energy.



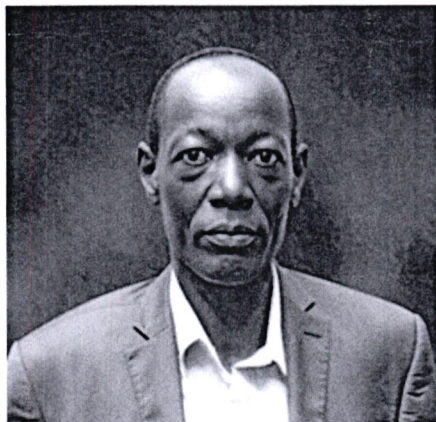
**Ms. Afandi Olando**  
**Board Member**  
*Alternate to the Attorney General-  
State Law Office*

Ms. Afandi Olando is an advocate of the High Court of Kenya. She holds a Bachelor of Laws degree from Moi University and a Masters of Law degree majoring in Public International Law from University of Nairobi. She holds a Postgraduate Diploma from the Kenya School of Law. She is a Senior State Counsel at the International Law Division in the Office of the Attorney General and Department of Justice. She has considerable experience in drafting, vetting, reviewing, negotiating and monitoring compliance of legal instruments (Treaties, Conventions, Agreements, Subsidiary Agreements, MOUs, Contracts and Letters of Intent). She also handles a broad range of research and advisory matters pertaining to international humanitarian law, human rights law, maritime law, international criminal law, environmental law and mutual legal assistance matters. She is a member of the Law Society of Kenya, the Federation of Women Lawyers (FIDA, Kenya Chapter) and a Nippon Fellow.



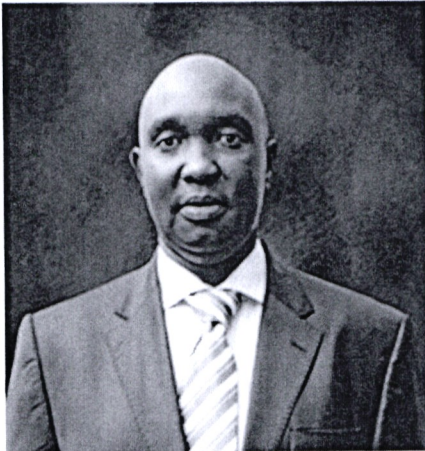
Hon. Josephine Sinyo, (OGW, EBS)  
**Board Member**  
(February 2019 to February 2022)

Hon. Sinyo is an Advocate of the High Court of Kenya. She attended the University of Nairobi and the University of Hull in England for LLB and LLM Degrees respectively. She has over 30 years of experience in human rights, policy development, legislative research and training in addition to service as a State Counsel in the Attorney General's office. She was involved in the Constitutional Review process championing the agenda for children, women and Persons Living with Disabilities (PLWDs) during her tenure as a nominated member of Parliament, 1998-2002. Further, she has worked with Non-Governmental Organizations (NGO's) including International Federation of Women Lawyers (FIDA, Kenya Chapter); Forum for Women Education (FAWE, Kenya Chapter); the Law Society of Kenya; Kenya Breast Health Program; Kenya union of the Blind; Kenya Society for the Blind and the United Disabled Persons of Kenya (UDPK). In 2006, 2015 and 2017, she received State commendation from the President of Kenya awarding her the Order of the Grand Warrior (OGW); the Excellence Service Award and the Elder of the Burning Spear (EBS) respectively in appreciation of her contribution to nation building.



Mr. Stephen M. Karanja  
**Board Member**  
(February 2019 to February 2022)

Mr. Karanja holds a Master's Degree in Nuclear Science from the University of Nairobi, Bachelor of Education in Science from Kenyatta University and a Diploma in Sales and Marketing from the University of Nairobi. He has also undertaken various nuclear and energy related courses such as; Building Capacity for the implementation of a nuclear power program, Nuclear Energy Management, Energy audit and Non-Destructive Testing (NDT) course for trainers. He specializes in NDT using nuclear techniques. He is experienced in teaching and lecturing at secondary schools and universities respectively. He also has a broad experience as a marketer where he has worked as a Regional Manager in the book selling industry and in the insurance industry as a Unit Manager.

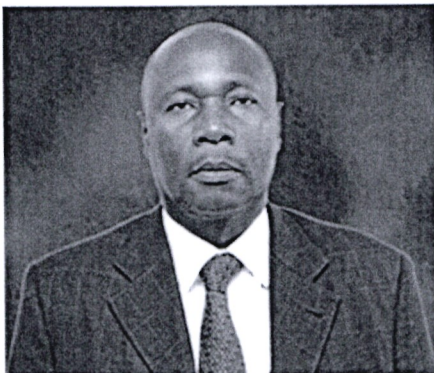


Dr. Kipkorir Koross Geoffrey  
Kiptoo

**Board Member**

(February 2019 to February 2022)

Dr. Koross is a lecturer at University of Eldoret, School of Environmental Studies. He holds a Doctor of Philosophy Degree, Environmental Health from the University of Eldoret, Master of Science, Integrated Pollution Control from Middlesex University, UK and Bachelor of Science (Hons), Environmental Management from University of North London (London Metropolitan University), UK. He has over 10 years teaching experience from Kenyan academic institutions. He is a member of the Institute of Environmental Impact Assessment/ Audit Lead Expert with National Environmental Management Authority (NEMA), member of Forest Society of Kenya and is a trained implementer of ISO 9000 Standards by Kenya Bureau of Standard



Mr. Joseph Odhiambo

**Board Member**

*Alternate to the Principal Secretary,  
State Department for University  
Education and Research*

(February 2019 to February 2022)

Mr. Odhiambo holds a BSc and MSc in Biochemistry. He has worked for International Laboratory for Research on Animal Diseases (ILRAD), International Livestock Research Institute (ILRI), International Centre of Insect Physiology and Ecology (ICIPE), Tulane University (USA), Maseno University and Ministry of Education-State Department for University Education and Research. He has over 20 years' experience in research in Biomedical and Science Technology and information policy formulation.



Ms. Teresia Malokwe  
**Board Member**  
(February 2019 to February 2022)

Ms. Teresia Malokwe holds a Masters in Health Economics and Policy from the University of Nairobi and a Bachelor of Science (Environmental Health from Kenyatta University. She's a Board member at the Nuclear Power & Energy Agency.



Eng. Collins Juma, MBS  
**Chief Executive Officer**

Eng. Collins Juma, MBS has been serving as Chief Executive Officer of the Nuclear Power and Energy Agency for the last 5 years. He holds a Bachelor of Engineering Degree (Mechanical) from the Indian Institute of Technology and a Master's degree in Operations Management from the University of Nairobi. Eng. Juma is the current President of the Eastern Africa Federation of Engineering Organizations. He is also a registered Consulting Engineer with Engineers Board of Kenya and has worked in the Energy Sector for over 20 years, including stints at Kenya Power and KENGEN. He is currently pursuing a PhD in Operations Management from the University of Nairobi.



Mr. Justus A. Wabuyabo  
**Director Legal & Regulatory &  
Corporation Secretary**

Mr. Justus Ambutsi Wabuyabo is an Advocate of the High Court with close to 20 years' experience in legal practice. He is a Certified Public Secretary, a Commissioner of Oaths.

Mr. Wabuyabo joined the Nuclear Power and Energy Agency (NuPEA) as the Director Legal and Regulatory Services and Corporation Secretary in November 2019.

Previously he served as the General Manager – Corporate and Legal Services at the National Water and Harvesting Authority.

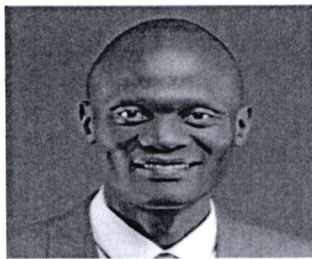
Mr. Wabuyabo is a member of the Law Society of Kenya (LSK), the East Africa Law Society (EALS), the Pan African Lawyers Union (PALU) and the Commonwealth Lawyers Association (CLA). He is also a member of the Institute of Certified Secretaries (ICS) and the Association of Professional Societies of East Africa (APSEA).

### **3. Management Team**



**Eng. Collins Juma, MBS  
Chief Executive Officer**

Eng. Collins is a registered Consulting Engineer with Engineers Board of Kenya and holds a Bachelor of Engineering Degree (Mechanical) from the Indian Institute of Technology and a Master's degree in Operations Management from the University of Nairobi



**Eng. Erick Ohaga  
Director, Nuclear Energy  
Infrastructure Development**

Eng. Ohaga is a registered Consulting Engineer with Engineers Board of Kenya and holds MSc in Nuclear Engineering (KINGS), Masters of Business Administration, BSc. in Electrical / Electronic Engineering and post graduate diploma in Project Planning and management



**Dr. Winfred Ndubai (PhD)  
Director, Strategy & Planning.**

Dr. Winfred holds a Doctor of Philosophy in Business Administration and Master's Degree in Finance and a Bachelor of Economics from the University of Nairobi



**Mr. Justus A. Wabuyabo  
Director Legal & Regulatory &  
Corporation Secretary**

Mr. Wabuyabo is a member of the Law Society of Kenya (LSK), the East Africa Law Society (EALS), the Pan African Lawyers Union (PALU) and the Commonwealth Lawyers Association (CLA). He is also a member of the Institute of Certified Secretaries (ICS) and the Association of Professional Societies of East Africa (APSEA).



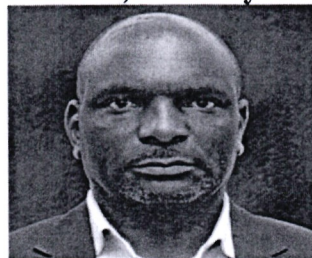
**CPA Caren Oduor**  
**Ag. Director Corporate Services**

CPA Caren holds a Master's Degree in Business Administration and a Bachelor of Commerce (Accounting option) degree both from the University of Nairobi. She is a Certified Public Accountant of Kenya – CPA (K) and a member of Institute of Public Accountants of Kenya (ICPAK), and a member of association of Women Accountants of Kenya (AWAK)



**Mr. Basett Buyukah**  
**Director, Publicity & Advocacy**

Mr. Basett is a journalist, media personality and communications professional. He is also an award-winning writer and published author. He undertook a Bachelor's degree at Kenyatta University and Postgraduate studies in Communication at the University of Nairobi. He is a member of the Public Relations Society of Kenya.



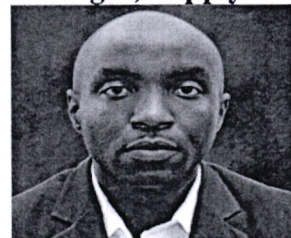
**CPA Peter Ndungu**  
**Ag. Director, Internal Audit**

Mr. Ndungu holds Masters of Science in Finance from University of Nairobi and a Bachelors of Science in Agriculture Economics from Egerton University. He is a Certified Public Accountant and a member of Institute of Certified Public Accountant Kenya (ICPAK) and also a Certified Information System Auditor and a member of Information System Auditor Control Association (ISACA).



**Dr. Antony Lusuli (PhD)**  
**Manager, Supply Chain**

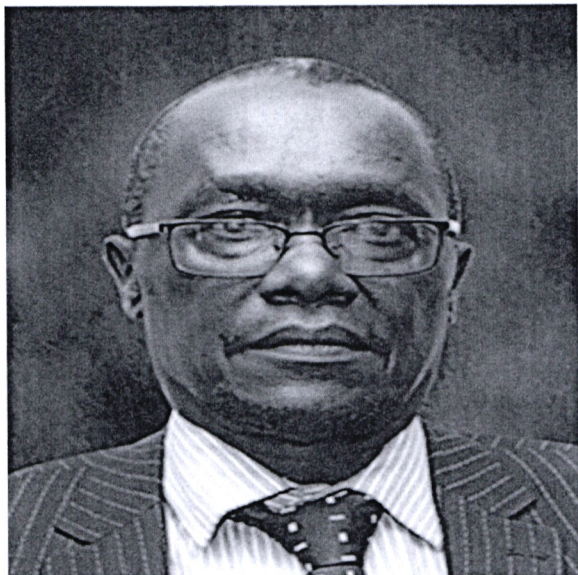
Dr. Lusuli holds Doctor of philosophy in Supply Chain Management and Masters of Science in Procurement and Logistics both from Jomo Kenyatta University of Agriculture Science and Technology and a Bachelors' of Business Administration from Kenya Methodist University. He also holds Diploma in Chartered Institute of Procurement and Supply (CIPS)



**Mr. Lawrence Siele**  
**Manager, ICT**

Mr. Siele holds a Master's Degree in Information Systems and a Bachelor of Science Degree in Computer Science. He holds a Diploma in Project Management and Diploma in Database Management. He also holds professional qualifications in Microsoft Certified Systems Engineer (MCSE), Cisco Certified Network Associate (CCNA), PRINCE2, PMP and Cybersecurity

#### 4. **Chairman's Statement**



On behalf of the Board of Directors, I am pleased to present the Nuclear Power and Energy Agency's (NuPEA) Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022.

NuPEA stands committed to its vision of development of sustainable energy solutions through promoting nuclear electricity generation and coordinating research and development and capacity building in the energy and petroleum sector.

##### **Successes made**

The Agency registered remarkable successes in the financial year 2021/22. Firstly, the Agency commenced studies to identify gaps in the energy and petroleum research and development and capacity building frameworks in line with the statutory mandate in the Energy Act No.1 of 2019. The studies made proposals towards enhancing institutional coordination of energy and petroleum research and development and capacity building. In addition, a feasibility study is being undertaken to facilitate the safe and sustainable implementation of the nuclear research reactor project. The outcome of these studies will greatly inform the country on the pathway to peaceful application of nuclear science and technology for socio-economic development.

##### **Stakeholders' engagement**

The Agency takes cognizance that stakeholder engagement, education and information sharing are the cornerstone for a successful nuclear power programme in Kenya. To this end, the Agency engaged national, regional and international stakeholders towards supporting the national nuclear power programme. During the financial year under review, the Agency engaged with the Kenya Institute for Public Policy Research & Analysis (KIPPRA) on the development of Kenya's Research Reactor Programme, the Kenya Nuclear Regulatory Authority (KNRA) regarding the development of a robust regulatory framework for the Nuclear Power Programme and the International Framework for Nuclear Energy (IFNEC) on collaboration on nuclear energy development in the country

### **Strategic Partnerships**

The Agency also continued to place great premium on adopting mutually beneficial collaborative agreements and strong strategic partnerships to support effective implementation of its mandate. Notably, the Agency concluded a Memorandum of Understanding with the national nuclear regulatory body, the Kenya Nuclear Regulatory Authority (KNRA), for the purposes of supporting each institution to carry out their mandates effectively. The Memorandum of Understanding identifies key areas of collaboration that include proposing policies and legislation necessary for the successful implementation of a Nuclear Power Programme and developing a comprehensive legal and regulatory framework for nuclear electricity generation in Kenya.

### **Challenges Faced**

During the year under review, the Government's progressive lifting of Covid-19 restrictions supported a gradual return to normalcy in NuPEA's working environment. The resource requirements for implementing the activities in the Agency's Strategic Plan was Kshs. 2.99B. However, the budgetary allocation to the Agency was Kshs. 0.89B. This resulted in a deficit of Kshs.2.1B constraining the attainment of the Agency's expanded mandate that presently adds on research and development, as well as capacity building for the energy and nuclear power sector.

### **Board Changes**

NuPEA Board had significant changes during the financial year. The term of the board came to an end on 8<sup>th</sup> February 2022 resulting in a lull for a 2–3 month period. Subsequently, three new appointments to the Board were made on 13<sup>th</sup> May 2022. I take this opportunity to welcome the new members to NuPEA and we look forward to their immeasurable contribution in furtherance of the Agency's mandate. Further, I appreciate the invaluable efforts of the five members who recently completed their tenure at the Agency for their sound stewardship and dedicated service.

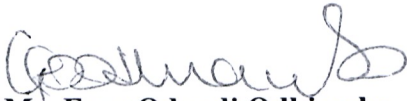
### **Future Outlook**

As the Agency transitions into the financial year 2022/23, we remain committed to building on the gains made so far in developing the Nuclear Power Programme and enhancing the coordination frameworks for research and development, and capacity building for the energy and petroleum sectors.

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Finally, on behalf of the Board of Directors, I express gratitude to the Ministry of Energy, development partners, the management, staff, and all our stakeholders for their continued support.

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**Mr. Ezra Odondi Odhiambo**

**CHAIRMAN**

## 5. Report of the Chief Executive Officer



**Dear stakeholders,**

I am pleased to present to you the Nuclear Power and Energy Agency's (NuPEA) Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022.

During the year under review, NuPEA implemented activities in the second year of the Strategic Plan 2020-2025 towards fulfilling its mandate in line with the Energy Act of 2019. The Agency made significant progress geared towards attainment of its mission, vision and strategic objectives. Notably, NuPEA made remarkable strides in development of the nuclear

power programme for Kenya as well as in coordination of Research and Development (RD); and Capacity Building (CB) for the energy and petroleum sectors.

### **Industry overview**

Energy is recognized as a key enabler in realizing Kenya's development blueprint – the Vision 2030. Nuclear power development in Kenya takes cognizance of the growing need to provide reliable and affordable power to enable the realization of the Vision 2030. NuPEA seeks to be a front-runner in the bid towards establishing a robust energy sector particularly in the aspects of safety, affordability and reliability. Nuclear electricity generation will also play a pivotal role in driving global mitigation strategies for climate change as prioritized in the Africa Agenda 2063 and Sustainable Development Goals among others.

### **Revenue**

The Government of Kenya has been instrumental in allocating and providing financial resources to run the Agency's operations.

In financial year 2021/2022 NuPEA received **Ksh. 795 Million** from the National Treasury for the Agency's development and recurrent budgets. This was a slight reduction in allocation compared to **Ksh. 813 Million** in the previous financial year 2020/2021

### **Performance overview**

The Agency undertook activities in the financial year 2021/2022 under the five Key Result Areas (KRAs) in its Strategic Plan.

To begin with, NuPEA conducted gap analysis studies on coordinating research and development and capacity building in the energy and petroleum sectors. Further, the studies informed the formulation of strategies with a view to address these gaps to ensure seamless institutional coordination of these two areas across the two sectors.

In the year under review, NuPEA progressed with stakeholder sensitization to enhance knowledge and understanding of nuclear energy development. The Agency undertook stakeholder engagements in the two Counties of Kilifi and Kwale. The two Counties were identified through scientific studies as the potential sites to host Kenya's nuclear power plants. The stakeholder initiatives undertaken included County Forums, sensitizing key professional bodies (ICPAK, KAM, IEK, and COFEK), and Nuclear Student Ambassador Mentorship Programme among others. The engagements will help to create and enhance nationwide awareness on the Agency's mandate while ultimately earning and sustaining public support for the implementation of Kenya's nuclear power programme.

### **Strategic Partnerships**

The Agency entered into collaborations with Kenya Institute for Public Policy & Research Analysis (KIPPPRA) and Kenya Nuclear Regulatory Authority (KeNRA) by way of signing collaborative agreements. The two partnerships are intended to strengthen areas of common interest for the parties. NuPEA and KIPPPRA cooperated in undertaking a Cost Benefit Analysis (CBA) on establishing a Research Reactor (RR) project which is planned to be put up in the Konza City Technopolis. The purpose of the RR project is to facilitate wide applications in research, education and training, health, agriculture and industry. The agreement with KeNRA covers joint works geared towards strengthening the relevant legal and regulatory frameworks in nuclear power development.

As NuPEA, we endeavour to adhere to the principles of public participation as enshrined in the Constitution of Kenya 2010. The Agency held a series of stakeholder workshops to validate the Strategic Environmental and Social Assessment (SESA) Report in Nyeri, Embu, Kisumu, Kericho, Nakuru, Uasin Gishu and Meru Counties. Stakeholders were mobilized from the civil society, academia, Community Based Organizations (CBOs), diverse service providers and members of the general public. The objective of the forums was to sensitize participants on NuPEA's mandate in addition to the social and environmental aspects associated with development of a nuclear power programme.

### **Challenges**

The Energy Act, 2019 conferred additional mandate to the Agency to undertake coordination of Capacity Building and Research & Development in the energy and petroleum sectors. However, the budget allocation was not sufficient to facilitate full implementation of this mandate. Further, the non-operationalization of the Energy Consolidated Fund hampered additional resource allocation to the Agency.

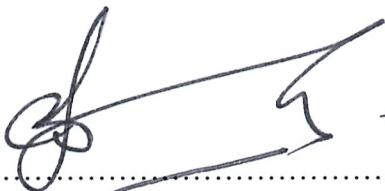
The long lead time in acquisition of land for constructing nuclear power plants has had a negative impact on the implementation of the nuclear power programme.

### **Future outlook**

Moving forward, the Agency will continue to consolidate and secure the gains made. We will remain committed to the furtherance of our distinct mandate as we cement our role as a key energy solution provider in Kenya and the region.

Lastly, on behalf of NuPEA I express gratitude to the Government of Kenya - Ministry of Energy, our strategic partners, sector players, the management, staff and all our esteemed stakeholders for their sustained patronage over the years. We look forward to your continued support in the forthcoming financial year 2022/2023.

God bless NuPEA. God bless Kenya.



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**Eng. Collins Juma MBS, FIEK, CE**  
**Chief Executive Officer**

## **6. Statement of Performance against Predetermined Objectives for FY 2021/2022**

NuPEA has 5 key result areas (KRAs) within the current 5-year Strategic Plan for the period from FY 2020/21 to FY 2024/25. The KRAs are as follows:

- KRA 1: Nuclear energy infrastructure development
- KRA 2: Public education and stakeholder engagement
- KRA 3: Energy research and development
- KRA 4: Capacity building in the energy and petroleum sectors
- KRA 5: Institutional capacity

NuPEA develops its annual work plans based on the above 5 KRAs. Assessment of the Agency's performance against its annual work plan is done on a quarterly basis. NuPEA achieved its performance targets set for the FY 2021/22 period for its 5 KRAs, as indicated in the table below

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*Table 2: Nuclear Power and Energy Agency's Performance against Predetermined Objectives for FY 2021/2022*

KRA 1: Nuclear energy infrastructure development		
Objective 1.1: To ensure readiness of key nuclear power infrastructure		
Key Performance Indicators	Activities	Achievements
Finalisation of site selection and characterization	<ol style="list-style-type: none"> <li>1. Continuation of activities towards land access at the preferred nuclear power plant (NPP) sites</li> <li>2. Review of terms of reference for site characterization</li> <li>3. Preparatory activities for preliminary site characterization report at the preferred NPP sites</li> <li>4. Continuation of site studies for the proposed research reactor at Konza City</li> </ol>	<p>The Agency achieved its target of 100% with the following:</p> <ol style="list-style-type: none"> <li>a) Correspondence with the Ministry of Lands and Physical Planning.</li> <li>b) Revised terms of reference for site characterization.</li> <li>c) Terms of reference for an Owner's Engineer.</li> <li>d) Updated technical specifications for a meteorological station at the preferred NPP site.</li> <li>e) Site envelope data report for the research reactor project.</li> </ol>

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<p>Environmental impact assessment for the nuclear power programme</p>	<ol style="list-style-type: none"> <li>1. Collection of data for review of the Environmental Impact Assessment (EIA) site and project description report</li> <li>2. Training on EIA</li> <li>3. Development of Expression of Interest (EOI) and Request for Proposal (RFP) for EIA consultancy services</li> <li>4. Review of the potential role of nuclear energy in greenhouse gas emission reduction</li> <li>5. Review of harmonised environmental assessment regulations and procedures</li> </ol>	<p>The Agency achieved its target of 100% with the following:</p> <ol style="list-style-type: none"> <li>a) Field visits to the coast region to collect data and updated EIA site and project description report.</li> <li>b) Ten technical working group members trained at the Kenya School of Government on EIA.</li> <li>c) RFP for Environmental and Social Impact Assessment (ESIA).</li> <li>d) Report on the role of nuclear in decarbonization of the energy sector.</li> <li>e) Harmonized environmental assessment regulations and procedures.</li> </ol>
<p>Enhance regional and site-specific grid interconnection schemes for various NPP sizes</p>	<ol style="list-style-type: none"> <li>1. Grid analysis for the best and alternate sites</li> <li>2. Review of electric grid study reports by updating/rebuilding model and updating reports</li> <li>3. Training on Power System Simulation for Engineers (PSS/E) software</li> <li>4. Collection of data in preparation for model upgrades for an advanced grid analysis</li> </ol>	<p>The Agency achieved its target of 100% with the following:</p> <ol style="list-style-type: none"> <li>a) Grid integration studies and contingency analysis for Kenya's preferred and alternate sites.</li> <li>b) Five members of the technical working group trained on PSS/E software.</li> <li>c) Updated model and electric grid study reports.</li> </ol>

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<p>Accelerate nuclear power plant (NPP) technology selection and appointment of an owner/operator</p>	<p>1. Study on requirements for establishing NPP owner / operator 2. Evaluation of technology infrastructure issues and vendor capability 3. Developments of specifications / requirements for nuclear power plant 4. Training on safety simulation tool for reactor technology designs</p>	<p>The Agency achieved its target of 100% with the following: a) Strategy for the establishment of the owner/operator and owner/operator roadmap. b) Preparatory activities to acquire and train technical working group members on safety simulation tools for reactor technology designs with Idaho National Laboratory. c) Ranking report for large NPP technology designs. d) specifications/requirements for NPPs for selection of suitable reactor technology. e) Updated vendor readiness assessment survey.</p>
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<p>Enhance local industry involvement in the nuclear power plant (NPP) industry</p>	<ol style="list-style-type: none"> <li>1. Local industry supply capability survey</li> <li>2. Capacity building for the local supply chain players</li> <li>3. Development of localization policy and strategy</li> <li>4. Capacity building on the Stella Architect Software and the International Atomic Energy Agency (IAEA) toolkit on industrial involvement</li> </ol>	<p>The Agency achieved its target of 100% with the following:</p> <ol style="list-style-type: none"> <li>a) Updated localization assessment model.</li> <li>b) Industrial visits to three companies handling concrete production, electrical equipment/supplies and steel structures fabrication respectively.</li> <li>c) Local supply chain players' forum for two key players, i.e. Kenya Private Sector Alliance and Kenya Association of Manufacturers.</li> <li>d) Awareness creation on the industrial involvement infrastructure at the 28<sup>th</sup> Institution of Engineers of Kenya Conference.</li> <li>e) Localization policy and strategy.</li> <li>f) Five technical working group members trained on the Stella Architect Software and 8 members trained on the IAEA toolkit on industrial involvement.</li> </ol>
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<p>Develop an integrated approach to human resource development for the nuclear power programme</p>	<ol style="list-style-type: none"> <li>1. Continuation of human resource development requirements/needs for the nuclear power project</li> <li>2. Intermediate/advanced training in Stella Architect Software to perform projections of the expected national workforce</li> <li>3. Mapping of institutions that offer requisite trainings</li> <li>4. Human resource competency gap assessment for the nuclear power project</li> </ol>	<p>The Agency achieved its target of 100% with the following:</p> <ol style="list-style-type: none"> <li>a) Nuclear Power Human Resource (NPHR) model (labor statistics analysis).</li> <li>b) Seven technical working group members trained in Stella Architect.</li> <li>c) Data requests for labour analytics with external stakeholders.</li> <li>d) Mapped technical institutions in the coastal region.</li> <li>e) Human resource development gap assessment report.</li> </ol>
<p>Establish an optimal solution for Nuclear Fuel Cycle (NFC) and Radioactive Waste Management (RWM)</p>	<ol style="list-style-type: none"> <li>1. Economic assessment of nuclear fuel cycle</li> <li>2. Establishment of a detailed model on material flow (uranium) through all stages of the nuclear fuel cycle with Stella Architect Software</li> <li>3. Review of NFC &amp; RWM Policy &amp; Strategy with stakeholders and incorporating International Atomic Energy Agency (IAEA) Integrated Nuclear Infrastructure Review (INIR) recommendations</li> <li>4. Intermediate/advanced training on Stella Architect Software</li> </ol>	<p>The Agency achieved its target of 100% with the following:</p> <ol style="list-style-type: none"> <li>a) Template excel document on material balance flow for NFC and stella architect concept model.</li> <li>b) Revised nuclear fuel cycle and radioactive waste management policy.</li> <li>c) NFC economics assessment and material flow/balance of various reactor technologies.</li> <li>d) Five technical working group members trained on the Stella Architect Software for modelling dynamic system models.</li> <li>e) Input from stakeholders from various sectors of the Government.</li> </ol>

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<p>Strengthen radiation protection</p>	<ol style="list-style-type: none"> <li>1. Studies on international guidelines, requirements and best practices on regulations essential for safe operation of a nuclear power plant</li> <li>2. Review of the draft report on requirements, regulations and practices for safe operation of a nuclear power plant</li> </ol>	<p>The Agency achieved its target of 100% with the following:</p> <ol style="list-style-type: none"> <li>a) Report on the planned exposure situations and the responsibilities of the Government on radiation protection.</li> <li>b) Report on the regulation provisions for the current radiation protection programme.</li> <li>c) Report/guide on proposed regulations and practices for safe operation of a nuclear power plant.</li> </ol>
<p>Enhance emergency preparedness and response</p>	<ol style="list-style-type: none"> <li>1. Studies on emergency plan requirements for nuclear power plants</li> <li>2. Review of status of Kenya's emergency preparedness and response in line with nuclear emergencies</li> <li>3. Expert review of the emergency preparedness and response for nuclear power plants</li> <li>4. Capacity building on nuclear power emergency preparedness and response</li> </ol>	<p>The Agency achieved its target of 100% with the following:</p> <ol style="list-style-type: none"> <li>a) Guidelines on functional and infrastructural requirements for emergency preparedness and response; the concept and basic principles of emergency preparedness and response; and the establishment of planning zones, classifications, categories, protective action planning and guides for emergency exposure situations.</li> <li>b) Revised National Emergency Response Plan (NERP) and Standard Operating Procedures (SoPs) for nuclear and radiological emergencies.</li> <li>c) Revised Kenya draft CBRN Action Plan.</li> <li>d) Two technical working group members trained on emergency preparedness and response for next generation reactors and on preparedness and response to radiological emergencies during transport.</li> </ol>

Key Performance Indicators	Activities	Achievements
<p>Objective 1.2: To have an adequate and supportive legal and regulatory framework</p> <p>Legal and regulatory framework for the nuclear power programme developed</p>	<ol style="list-style-type: none"> <li>1. Finalization of National Nuclear Policy</li> <li>2. Development of adequate regulations to operationalize the Nuclear Regulatory Act No. 29 of 2019</li> <li>3. Review of the national laws relevant to the Nuclear Regulatory Act No. 9 of 2019 and the nuclear power programme</li> <li>4. Accession to international conventions on nuclear safety and liability</li> </ol>	<p>The Agency achieved its target of 100% with the following:</p> <ol style="list-style-type: none"> <li>a) Revised National Nuclear Policy.</li> <li>b) Proposed regulations and guidelines for nuclear power plant in the areas of site evaluation, radiation protection, environmental protection and impact assessment, nuclear safety and safeguards.</li> <li>c) Revised report on national laws and implementation work plan for the amendment/enactment of relevant laws.</li> <li>d) preparatory activities towards conducting the International Atomic Energy Agency (IAEA) International Expert Group on Nuclear Liability (INLEX) Mission on the International Nuclear Liability Regime.</li> <li>e) Cabinet memorandum and country position paper to facilitate the ratification of four (4) nuclear safety conventions.</li> </ol>

Key Performance Indicators	Activities	Achievements
<p>Objective 1.3: To inculcate nuclear safety culture among the key stakeholders</p> <p>Enhance training of leaders and implementation of appropriate management systems (leadership and management for safety)</p>	<ol style="list-style-type: none"> <li>1. Leadership training for nuclear power programme stakeholder institutions</li> <li>2. Development of a national nuclear power leadership and management programme</li> <li>3. Implementation of the recommendations of the 2020/2021 report on the management requirements of the Kenya nuclear power programme and the first nuclear power plant project</li> <li>4. Development of capabilities for the implementation of an integrated management system (IMS) for the nuclear power programme</li> </ol>	<p>The Agency achieved its target of 100% with the following:</p> <ol style="list-style-type: none"> <li>a) National nuclear power leadership and management programme.</li> <li>b) Leadership training for nuclear power programme stakeholder institutions through the National Liaison Office.</li> <li>c) Developed capabilities for the implementation of an IMS for the nuclear power programme.</li> <li>d) Implemented recommendations of the 2020/2021 report on the management requirements of the Kenya nuclear power programme and the first nuclear power plant project.</li> </ol>

**KRA 2: Public education and stakeholder management**

**Objective 2.1: To increase stakeholder’s awareness and support of NuPEA’s mandate**

Key Performance Indicators	Activities	Achievements
Public communication, information, education and stakeholder management strategy implemented	<ol style="list-style-type: none"> <li>1. Update, translation and dissemination of information, education and communication materials</li> <li>2. Deployment of multimedia platforms through running television infomercials/obtaining broadcast airtime to disseminate information on nuclear energy development and NuPEA; and publishing advertorials/supplements in print media</li> <li>3. Civic/public education on nuclear energy in the potential nuclear power plant host counties</li> <li>4. Engagement of stakeholders through engagements with professional bodies and consumer groups on nuclear energy development in Kenya</li> <li>5. Continue rebranding from Kenya Nuclear Electricity Board to NuPEA</li> </ol>	<p>The Agency achieved its target of 100% with following:</p> <ol style="list-style-type: none"> <li>a) Updated IEC factsheets and fliers, translating brochures from English into Kiswahili, Braille and Mijikenda languages, and disseminated IEC materials during stakeholder events.</li> <li>b) Radio infomercial highlighting the Agency’s mandate and enhance knowledge of its activities.</li> <li>c) One advertorial which featured in the Sunday Nation newspaper on 26th September 2021 and one article on nuclear energy in the 6th issue of the Institution of Engineers of Kenya (IEK) Engineering in Kenya Magazine.</li> <li>d) Stakeholder engagements in Kilifi County with stakeholders drawn from the civil society, academia, Community Based Organizations (CBOs) and diverse service providers.</li> <li>e) Printed NuPEA Strategic Plan 2020-2025 in both popular and full versions and production of branded merchandise.</li> <li>f) Distributed copies of the full version to NuPEA staff and various stakeholders during NuPEA engagements including the CoFEK stakeholder dialogue forum in Kilifi County; and Strategic Environmental &amp; Social Assessment (SESA) workshops held in Nyeri, Embu, and Meru.</li> </ol>

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<p>Enhance information sharing and stakeholders' satisfaction</p>	<p>1. Implementation of citizens' service delivery charter 2. Improvement of service delivery processes through business process re-engineering (BPR) 3. Resolution of public complaints</p>	<p>The Agency achieved its target of 100% with the following:</p> <ul style="list-style-type: none"> <li>a) Charter displayed prominently at the points of entry/service delivery points in both English and Kiswahili in the prescribed format.</li> <li>b) Charter translated to Braille in both English and Kiswahili, mechanisms provided for audio access on the Agency's website and charter uploaded on the Agency's website.</li> <li>c) Processes/procedures and relevant workflows documented for all services in the citizens' service delivery charter.</li> <li>d) Complaints resolution mechanisms established and maintained.</li> </ul>
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KRA 3: Energy research and development	
Objective 3.1: To champion use of safe, efficient, and sustainable energy systems	
Key Performance Indicators	Activities
Enhance coordination of energy and petroleum research and development (R&D)	<ol style="list-style-type: none"> <li>1. Review of relevant legal, policy and institutional frameworks in R&amp;D</li> <li>2. Identification and quantification of knowledge needs that can be addressed by R&amp;D</li> <li>3. Development of strategies to coordinate and implement R&amp;D in the energy and petroleum sectors</li> </ol>
	Achievements
	<p>The Agency achieved its target of 100% with the following:</p> <ol style="list-style-type: none"> <li>a) Coordination framework for R&amp;D in the energy and petroleum sectors.</li> <li>b) Knowledge needs assessment model and questionnaires administered to all entities in the energy and petroleum sectors.</li> <li>c) Revised data collection tools and report defining core issues in energy R&amp;D.</li> </ol>
Facilitate implementation of nuclear research reactor (RR) project	<ol style="list-style-type: none"> <li>1. Economic and financial cost benefit analysis for Kenya Nuclear Research Reactor (KNRR) project</li> <li>2. Development of a business plan for the KNRR project</li> <li>3. Review of the feasibility study report for the KNRR project</li> <li>4. Development of a human resource development (HRD) plan for the KNRR project</li> </ol>
	<p>The Agency achieved its target of 100% with the following:</p> <ol style="list-style-type: none"> <li>a) Economic cost benefit analysis and business plan for KNRR project.</li> <li>b) Participated in the International Atomic Energy Agency (IAEA) Orientation Workshop to Launch the Internet Reactor Laboratory with a New Host for Africa together with Kenyatta University (Internet Research Laboratory host for Kenya) toward the operationalization of IRL.</li> <li>c) HRD Plan for the KNRR project.</li> <li>d) Revised feasibility study report for the KNRR project, including preliminary model, cost and benefit elements and the suggested scenarios for the analysis.</li> </ol>
KRA 4: Capacity building in the energy and petroleum sectors	

Key Performance Indicators	Activities	Achievements
<p>Strengthen development of human capital in the energy and petroleum sectors</p>	<p>1. Review of the applicable legal framework and operational policies                  2. Detailed knowledge mapping and gap analysis in the energy and petroleum sectors                  3. Initiation of collaboration with energy capacity building partners/institutions                  4. Development of strategies to address the identified gaps including roles, resources and timelines</p>	<p>The Agency achieved its target of 100% with the following:                  a) Human resource capacity building (HRCB) masterplan and implementation framework for the energy and petroleum sectors.                  b) Revised applicable legal framework and operational policies to capacity building in the energy and petroleum sectors.                  c) Detailed knowledge mapping and gap analysis and questionnaires administered to all entities in the energy and petroleum sectors.                  d) Revised data collection tools and report defining core issues in energy HRCB.                  e) Collaboration with energy capacity building partners/institutions through participation in capacity development forums organized by Kenya Electricity Transmission Company Limited and Energy and Petroleum Regulatory Authority.</p>

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**KRA 5: Institutional capacity**

**Objective 5.1: To have a versatile, competent, highly performing and motivated workforce**

Key Performance Indicators	Activities	Achievements
Enhance staff capacity development	<ol style="list-style-type: none"> <li>1. Carry out of staff training needs assessment</li> <li>2. Execution of interventions to address the identified skills gaps and training needs</li> <li>3. Employee performance management through staff performance appraisal and implementation of recommendations emanating from staff appraisal reports</li> </ol>	<p>The Agency achieved its target of 100% with the following:</p> <ol style="list-style-type: none"> <li>a) Staff training needs assessment report.</li> <li>b) Identified skills gaps and training needs addressed through recruitment, outsourcing, capacity building/training, coaching, and mentoring.</li> <li>c) Staff performance appraisal, appraisal report for the previous year, and recommendations emanating from the staff appraisal reports implemented.</li> </ol>

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Objective 5.2: To enhance financial sustainability of the Agency		
Key Performance Indicators	Activities	Achievements
Enhance prudent management of financial resources	<ol style="list-style-type: none"> <li>1. Absorption of allocated funds by GoK</li> <li>2. Absorption of externally mobilized funds</li> <li>3. Pending bills</li> </ol>	<p>The Agency achieved its target of 100% with the following:</p> <ol style="list-style-type: none"> <li>a) 98% revenue disbursements received against approved budget.</li> <li>b) Utilization that translated to an absorption rate of 98%.</li> <li>c) 53% of its expected grants received from the IAEA towards sponsorship for staff in capacity building initiatives.</li> <li>d) No pending bills.</li> </ol>

## **7. Corporate Governance Statement**

The responsibility of governing the Agency lies with the Board of Directors. NuPEA has adopted high standards and applies strict rules of conduct based on the best corporate practices. Board members act in the best interest of the organization and uphold their fiduciary responsibilities and duty of care. This involves not disclosing confidential information, avoiding real and perceived conflicts of interest and favoring the interests of the Agency over other interests.

### **Guiding Principles**

In line with Section 3 of the Leadership and Integrity Act (Act No. 19 of 2012 of the Laws of Kenya), Board members respect the values, principles and the requirements of the Constitution, including:

- i. The national values and principles provided for under Article 10 of the Constitution;
- ii. The rights and fundamental freedoms provided for under Chapter Four of the Constitution;
- iii. The responsibilities of leadership provided for under Article 73 of the Constitution;
- iv. The principles governing the conduct of State officers provided for under Article 75 of the Constitution;
- v. The educational, ethical and moral requirements in accordance with Article 99 (1) (b) and 193 (1)(b) of the Constitution; and
- vi. The values and principles of Public Service as provided for under Article 232 of the Constitution.

Board members also uphold the tenets of good governance as guided by the Code of Governance for State Corporations (*Mwongozo/Code of Governance*), the Board Charter and the Public Officers and Ethics Act No.4 of 2003.

### **Board Charter**

The Board Charter defines the roles and responsibilities of the Board of NuPEA as well as functions and structures in a way that supports the members in carrying out their strategic oversight function. It provides the Board members with an opportunity to think creatively and critically about how their strategic and operational plans align with NuPEA's strategic direction and expectations, with respect to governance. The Charter also sets out the powers of various Board Committees, the separation of roles between the Board and management, as well as the policies and practices of the Board with respect to corporate governance matters.

The Charter has been adopted by NuPEA, acting in accordance with the *Mwongozo* Code of Governance for State Corporations and is complementary to the requirements regarding the Board contained in applicable Kenyan laws and regulations.

## **Board Membership**

In line with the guidelines of the *Mwongozo* Code of Governance for State Corporations, the Board comprises nine (9) members. Of these, five (5) are Independent Directors including the Chairman, while four (4) are Non-Independent Directors representing the National Treasury, the Ministry of Energy, Ministry of Education, and the Office of the Attorney General. The Chief Executive Officer is an *ex-officio* member. The constitution of the Board takes into consideration diversity in gender, age, ethnicity and culture.

## **Appointment and removal of Board Members**

Board members are appointed in accordance with the requirements of the *Mwongozo* Code of Governance for State Corporations. The Code of Governance requires all Chairpersons of State Corporations to be appointed by the President. Board members are formally appointed by the Cabinet Secretary of the parent Ministry (Ministry of Energy) through a Gazette Notice and thereafter an appointment letter.

In accordance with the Code of Governance, the Board may recommend the removal of a member based on non-performance, non-attendance of meetings, unethical conduct or as set out in any constitutive documents or applicable law. Any removal of a Board member shall be through formal revocation.

## **Roles and functions of the Board**

In furtherance of its responsibilities, the Board is required to:

- a) Determine the organization's mission, vision, purpose and core values;
- b) Review, evaluate and approve, on a regular basis, long-term plans for the organization;
- c) Review, evaluate and approve the organization's budget and financial forecasts;
- d) Review, evaluate and approve major resource allocations and capital investments;
- e) Ensure that the procurement process is cost-effective and delivers value for money;
- f) Review and approve the operating and financial results of the organization;
- g) Ensure effective, accurate, timely and transparent disclosure of pertinent information on the organization's operations and performance;
- h) Ensure that effective processes and systems of risk management and internal controls are in place;
- i) Review, evaluate and approve the overall organizational structure, the assignment of senior management responsibilities and plans for senior management development and succession;
- j) Review, evaluate and approve the remuneration structure of the organization;

- k) Adopt, implement and monitor compliance with the organization's Code of Conduct and Ethics;
- l) Review on a quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework with the Government of Kenya;
- m) Review periodically the organization's strategic objectives and policies relating to sustainability and social responsibility/investment;
- n) Protect the rights of shareholders and optimize shareholder value;
- o) Enhance the organization's public image and ensure engagement with stakeholders through effective communication;
- p) Monitor compliance with the Constitution, all applicable laws, regulations and standards; and
- q) Review, monitor and ensure that the organization is effectively and consistently delivering on its mandate.

### **Board Committees and Membership**

The State Corporations Act, Cap 446 of the Laws of Kenya, allows the Boards of State Corporations to establish committees in order to effectively discharge their mandates. The *Mwongozo* Code of Governance for State Corporations allows the Board to establish not more than four (4) committees of the Board, one of which must be an Audit Committee. The Board has established four standing committees as follows:

#### **Human Resource and Finance Committee**

The Board of Directors has established the Human Resource and Finance Committee that consists of four (4) members to review, and as appropriate, act on behalf of the Board, or make recommendations to the Board concerning human resource, administration, finance, Information Communication Technology (ICT), procurement and supply chain issues. The Human Resource and Finance Committee is comprised of the following members:

- 1) Mr. Stephen Karanja – Chairperson
- 2) Ms. Teresia Malokwe
- 3) Ms. Afandi Olando
- 4) Ms. Zahra Haji

### **Technical Committee**

The Board of Directors has established the Technical Committee to review, and as appropriate, act on behalf of the Board, and make recommendations to the Board concerning legal and infrastructure issues for the successful implementation of a Nuclear Power Programme in Kenya.

The Technical Committee is comprised of the following members:

- 1) Ms. Teresia Malokwe – Chairperson
- 2) Hon. Josephine Sinyo
- 3) Mr. Joseph Odhiambo
- 4) Mr. Timothy Gakuu

### **Strategy and Research Committee**

The Board of Directors has established the Strategy and Research Committee to review, and as appropriate, act on behalf of the Board, and makes recommendations to the Board concerning planning, strategy, research and business development issues.

The Strategy and Research Committee is comprised of the following members:

- 1) Hon. Josephine Sinyo – Chairperson
- 2) Mr. Joseph Odhiambo
- 3) Dr. Kiptoo Koross
- 4) Mr. Stephen Karanja

### **Audit Committee**

The Audit Committee is a key component of the governance process. The Committee provides independent expert assessment of the activities of the management team, the quality of risk management, financial reporting, financial management and internal audit to the Board of Directors and executive management.

The Audit Committee is comprised of the following members:

- 1) Dr. Kiptoo Koross – Chairperson
- 2) Ms. Afandi Olando
- 3) Ms. Zahra Haji
- 4) Mr. Timothy Gakuu

The Board provides Terms of Reference for each committee; reviews the mandate of the Committees periodically; determines the frequency of committee meetings; appoints the Chairperson of each Committee; and annually reviews the effectiveness and performance of its Committees. The Board may establish an ad-hoc Committee to deal with emerging issues that do not fall under the domain of regular Board Committees.

## **Board Calendar and meetings**

The Board's Calendar contains a schedule of meetings of the Board and its committees for the year. The agenda for each Board meeting is prepared and circulated to members at least ten (10) days in advance

During the year under review, the Board held a total 7 full Board meetings and 20 Committee meetings to consider key issues relating to strategy, performance and sustainability of the Agency

*Table 3: Full Board Meetings Attendance 2021/2022*

<b>FULL BOARD MEETINGS</b>			
<b>No</b>	<b>Name</b>	<b>Meetings Attended</b>	<b>Total Meetings Held</b>
1	Mr. Ezra Odondi Odhiambo	7	7
2	Hon. Josephine Sinyo	7	7
3	Ms. Teresia Malokwe Mbaika	6	7
4	Mr. Stephen Karanja	7	7
5	Dr. Kipkorir Kiptoo Koross	7	7
6	Mr. Joseph Odhiambo	7	7
7	Ms. Mercy Afandi Olando	5	7
8	Mr. Moses Gitari	3	7
9	Timothy Gakuo	2	7
10	Eng. Collins Juma	5	7

*Table 4: Human Resources and Finance Committee Attendance for FY 2020/21*

<b>Human Resource and Finance Committee</b>			
<b>No</b>	<b>Name</b>	<b>Meetings Attended</b>	<b>Total Meetings Held</b>
1	Ms. Teresia Malokwe Mbaika	9	9
2	Mr. Stephen Karanja	9	9
3	Ms. Mercy Afandi Olando	8	9
4	Eng. Collins Juma	9	9

*Table 5: Strategy and Research Committee Attendance for FY 2020/21*

<b>Strategy and Research Committee</b>			
<b>No</b>	<b>Name</b>	<b>Meetings Attended</b>	<b>Total Meetings Held</b>
1	Hon. Josephine Sinyo	3	3
2	Mr. Stephen Karanja	3	3
3	Dr. Kipkorir Kiptoo Koross	3	3
4	Mr. Joseph Odhiambo	3	3
5	Eng. Collins Juma	1	3

Table 6: Audit Committee Attendance for FY 2020/21

<b>Audit Committee</b>			
<b>No</b>	<b>Name</b>	<b>Meetings Attended</b>	<b>Total Meetings Held</b>
1	Dr. Kipkorir Kiptoo Koross	5	5
2	Ms. Mercy Afandi Olando	4	5
3	Ms. Teresia Malokwe Mbaika	1	5
4	Moses Gitari	3	5
5	Timothy Gakuu	1	5

### **Board Capacity Development**

The Board of Directors is committed to empowering members with a view to enabling them to understand their responsibilities as directors, general principles of corporate governance and Board practices.

The Board and Senior Management Capacity Development was conducted from 28th June to 10th July 2021 covering the following areas:-

- a) Review of the Board Audit Committee
- b) Training on Procurement
- c) Training on Finance for Finance Experts
- d) Team Building

Additionally, board evaluation was undertaken during the year under review.

### **Declaration of Conflict of Interest**

Board members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the Agency. A board member who identifies an area of conflict discloses any actual or potential conflict of interest, provides all relevant information and abstains from decision making.

### **Governance audit**

The Board is expected to ensure that a governance audit of the Agency is undertaken in collaboration with the State Corporation Advisory Committee (SCAC) on an annual basis in line with the *Mwongozo* Code of Governance for State Corporations. The purpose of the audit is to ensure that the Agency conforms to the highest standards of governance practice. In the year under review, a governance audit was not undertaken.

### **Board remuneration**

Board members are remunerated for their services in accordance with guidance from the State Corporation Advisory Committee (SCAC) through circulars issued from time to time, as well as the prevailing relevant legislative provisions and/or guidance from the relevant authorities.

The regular allowances for Board Chairpersons and Board members are as follows:

*Table 7: Regular allowances for Board Chairpersons and Board Members*

<b>No.</b>	<b>Allowance</b>	<b>Chairperson</b>	<b>Board member</b>
1	Honoraria	Kes.80,000 per month	N/A
2	Sitting	Kes.20,000 per sitting	Kes.20,000 per sitting
3	Daily Subsistence Allowance (DSA)	Kes.18,200 per day	Kes.18,200 per day

The gross allowances for Board Chairperson and Board members for the FY 2021-2022 are as follows:

*Table 8: Gross allowances for Board Chairperson and Board Members for the FY 2021-2022*

<b>No.</b>	<b>Allowance</b>	<b>Chairperson</b>	<b>Board members</b>
1.	Honoraria	Ksh.689,032	N/A
2.	Directors Emoluments		Ksh.16,275,398
3.	Travelling Expenses		Ksh. 8,483,289
4.	Medical Expenses		Ksh.911,778
5	Directors Conference		Ksh.6,386,300
6.	Directors Fees		Ksh.3,240,000
	<b>Total Directors Remuneration</b>		<b>Ksh. 35,985,797</b>

## **8. Management Discussion and Analysis**

### **NuPEA'S Operational and Financial Performance**

#### **I. Operational Performance**

During the Financial year 2021/2022, the Agency planned to implement several programs and projects aimed at achieving its overall core mandate as per the Energy Act 2019. The programs were in line with the Agency's strategic plan, Governments Strategic objectives and the Vision 2030 agenda. The activities and the performance achievement are discussed here below;

#### **A. Policy, Legal and Regulatory Framework for the Nuclear Power Programme development**

Developing the policy, legal and regulatory framework for the Nuclear Power Programme involves addressing four key areas:

- a) *National Nuclear Policy*: The National Nuclear Policy Framework is intended to address policy gaps in peaceful utilization of nuclear science and technology.
- b) *National Nuclear Regulatory Law*: The nuclear regulatory law seeks to address legal, institutional and regulatory gaps for safe and peaceful utilization of nuclear energy for electricity generation, and other uses as outlined in the Policy framework. The Nuclear Regulatory Act 2019 has been enacted to provide a basis for regulatory control for both nuclear electricity generation and uses of conventional sources of radiation.
- c) *Harmonization of National Laws with Nuclear Regulatory Law*: The outcome of this process will ensure smooth regulation of the sector by reducing functional duplicity among entities, as well as compliance and regulatory challenges.
- d) *Accession to nuclear treaties and conventions*: Joining relevant international legal instruments is a critical element of the nuclear legal framework. At present, four (4) Nuclear Safety Conventions adopted under the auspices of the IAEA have been identified for ratification. The conventions are: the Convention on Nuclear Safety (CNS), the Convention on Early Notification of a Nuclear Accident, the Convention on Assistance in the Case of a Nuclear Accident or Radiological Emergency, and the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management. Additionally, in recognition of the interface between enhancing nuclear safety and mitigating the risk of civil liability arising from a nuclear incident, the nuclear liability obligations contained in the liability conventions adopted under the auspices of the IAEA are also under consideration.

During the financial year under review, the Agency made progress in each aspect of the nuclear legal and regulatory framework as follows:

- a) The Agency procured a consultant to guide the process of formalizing the drafting and review of the National Nuclear Policy resulting in the development of a First Draft document that is expected to form the basis of subsequent stakeholder validation activities in the FY 2022/2023 as required by law.
- b) The Agency facilitated the development and adoption of nuclear regulations by reviewing draft regulations published by the Kenya Nuclear Regulatory Authority (KNRA) for public and stakeholder comment in order to operationalize the Nuclear Regulatory Act, 2019. A Matrix containing proposals on various provisions of the draft nuclear regulations was developed and submitted for consideration.
- c) The Agency built upon the commencement of the review of national laws relevant to the Nuclear Regulatory Act, 2019/the Nuclear Power Programme in the FY2020/2021 by developing a work plan to implement the recommendations and proposals for legislative amendment or enactment contained in the preliminary Report prepared by the Joint Kenya Law Reform Commission (KLRC) – NuPEA Technical Working Group.
- d) The Agency continued with the process of acceding to nuclear treaties and conventions by engaging with stakeholders from various agencies and Ministries within the framework of the Technical Working Group on Nuclear Related Conventions. The Agency sensitized the stakeholders on the obligations contained in the nuclear safety conventions that Kenya is proposing to ratify and expounded on the process of ratifying treaties in Kenya as contained in the Treaty Making and Ratification Act No.45 of 2012 [Rev.2018]. Additionally, the Agency, as Kenya’s designated National Liaison Office (NLO), requested the IAEA to convene an Expert Mission to allow the International Expert Group on Nuclear Liability (INLEX) to sensitize stakeholders on the nuclear liability conventions.

This project is funded by the grants from the Government of Kenya through exchequer.

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## **B. Strategic Environmental Assessment for Kenya's Nuclear Power Programme (SEA)**

Conducting a Strategic Environmental Assessment (SEA) is a legal requirement for all large projects in order to assess the strategic and environmental viability of a programme.

Pursuant to the provisions of the Environmental Management and Co-ordination Act, 1999 and the Agency's 15-year Strategic Plan, the Agency is undertaking a Strategic Environmental Assessment of Kenya's Nuclear Power Programme with a view to supporting effective and efficient decision-making for sustainable development of country's Nuclear Power Programme.

This project is aimed at achieving broad public acceptance of the Nuclear Power Project in line with the national values and principles of governance contained in the Constitution of Kenya and additionally constitutes the basis for the subsequent commencement of an Environmental Impact Assessment (EIA) Study for the nuclear power plant sites.

During the financial year under review, the Agency continued with the Strategic Environmental & Social Assessment (SESA) by undertaking stakeholder validation workshops on the SESA Report for Kenya's Nuclear Power Programme in conjunction with the National Environment Management Authority (NEMA) in Mombasa, Kilifi, Kisumu, Kericho, Uasin Gishu, Nandi, Nakuru, Nyeri, Meru and Embu counties.

This project is funded by grants from the Government of Kenya through the Exchequer.

### **C. Site and Supporting Facilities Identified**

One of the functions of NuPEA is to identify appropriate sites for construction of a nuclear power plant (NPP). Identification of these sites involves consideration of the best national option for locating nuclear power facilities. In fulfilling its mandate, NuPEA conducted reconnaissance field studies which yielded a number of potential sites during Phase 1 of site studies. Following the International Atomic Energy Agency (IAEA) guidelines on site selection, this process was followed by site evaluation to further analyse the potential sites to select the most suitable (candidate) sites, which was carried out in this financial year.

This project intends to achieve milestone 2 of the three milestones in the IAEA milestone approach. In this milestone, (a) suitable site(s) for nuclear power plants should be identified, secured and the site developed in preparation for construction of the nuclear power plant. The activities of site selection involve site surveys, ranking of the sites, and selection of sites based on a set of national

criteria, regulatory requirements and quality assurance mechanisms that are currently being developed. This will also involve securing and development of the site(s) in preparation for construction of nuclear power plants.

The output of the project is a suitable site with internationally acceptable standards for nuclear power plants. The project risks include relocating people (to be addressed through lobbying and adequate compensation) and high cost of land acquisition due to speculations (to be addressed through non-disclosure agreements)

This project is funded by grants from the Government of Kenya and specifically through Exchequer.

One hundred (100) acres of land at the preferred site is being acquired in collaboration with the NLC (National Land Commission). The siting process was initiated through a reconnaissance visit to the regions of interest. The team then developed siting criteria to guide the process. Site visits/preliminary site studies were then conducted, various site characteristics analysed and ranked from the best to the worst. Later, land identified in the preferred site is under the acquisition process, being led by NLC. After acquisition, preliminary and final site characterization shall be conducted. Grid interconnection schemes for the site have been developed and their economic analysis conducted. The Agency has established a regional office at the coastal city of Mombasa.

After successfully conducting the preliminary site studies and identifying the preferred and alternate sites, NuPEA constituted and trained a Technical Working Group (TWG) to carry out a study of Kenya's Electrical Grid System's capability to support NPPs. Based on NPPs site and installation capacity, feasible NPPs interconnection schemes are proposed, the model of interconnection between the grid and NPP will be established and reliability and stability will be simulated and analysed.

Later, an economic analysis for grid upgrades/ reinforcement(s) required for NPP interconnection as proposed in the grid integration study for the preferred and alternate sites was conducted. This involved the determination of the costs for the switchyard, transmission lines and termination at the substation for power evacuation.



*Figure 1: Figure 1: One of the candidate sites at the coast*

#### **D. Energy Research and Development**

Sustainable and effective R&D in the energy and petroleum sectors will significantly contribute to increased productivity and efficiency. There has been considerable progress made in the sectors' R&D however, this has mainly been undertaken in a segregated manner by the various institution. In an effort to address the identified challenges, the Agency has developed a coordination framework for R&D in the energy and petroleum sectors.

The framework provides strategies for enhancing coordination mechanisms that bring together all stakeholders involved in energy R&D. The purpose of the coordination mechanisms is to share information, adopt a coordinated approach to energy and petroleum R&D, establish common objectives, harmonize efforts and utilize available (human and financial) resources efficiently to ensure effective and sustainable R&D in the sectors.

The framework identifies core issues in energy R&D (Knowledge Management; Strategic Management; Change Management; Intellectual Property Management; External Network; Environmental Moderators; Resource Availability and Mobilization for R&D; Key performance indicators (KPI); Monitoring and Evaluation (M&E); Risk Management; Thematic Areas of R&D; and Cooperation and Partnerships), formulates strategies and devices a plan for their implementation.

## **E. Capacity Building in the Energy Sectors**

Successful development and deployment of energy systems is knowledge intensive and therefore requires proper planning and implementation of human resource development. NuPEA recognizes the considerable efforts made by the Kenya government entities in the energy and petroleum sectors towards HR capacity building of establishing training institutes and centres of excellence that offer various training and or services/opportunities mainly to the sectors' players. However, there are still challenges to effectiveness and sustainability of such facilities and related programmes in the sectors' HRCB. These challenges include; inadequate funding, overlaps and inefficiencies in allocation and utilization of resources, and weak linkages between the sectors' institutions and academia.

To address these challenges, the Agency has developed a Human Resource Capacity Building (HRCB) master plan and implementation framework in the sectors to address these challenges. This framework can address the stated challenges through: (1) provide of a roadmap for a coordinated approach to development of the HRCB in the energy and petroleum sectors, (2) establish of common objectives for HRCB in the sectors, (3) harmonize of efforts to HRCB and (4) enhance effective mobilization and utilization of available resources efficiently to ensure effective and sustainable HRCB in the sectors.

The framework provides analysis of key aspects of HRCB including education and training; human resource development; knowledge management; knowledge networks; risks management; monitoring & evaluation (M&E); skills; resource availability and mobilization for HRCB; and key performance indicators (KPI). Further, the framework formulates strategies and devices a plan for their implementation.

### **A. Nuclear Research & Development**

Nuclear energy technologies have wide applications that have been shown to enhance economic development and improve quality of life. Research and development activities are required to sustain knowledge and competence within organizations that support or regulate/control nuclear power plant activities. Nuclear R&D is also a critical element in the development of different sectors of the economy in the country. The applications of nuclear technology/techniques in agriculture, medicine, industry, management of water resources are some of the processes that would contribute to the national development.

In the implementation of nuclear R&D, the Agency is implementing the Kenya Nuclear Research Reactor (KNRR) project which has a diverse range of applications in education and training, research, health, agriculture and industry. The Agency has conducted a Feasibility Study (FS) for the KNRR project. The study seeks to strengthen the national understanding of the obligations and commitments involved in the introduction of a sustainable research reactor programme. The FS report captures the results of all preliminary studies for establishment of a research reactor including: infrastructure assessment, project justification, strategic plan, economic cost benefit analysis, Human Resource Development Plan and site investigation report.

**F. Reactor Technology Selection**

The Agency drafted the User requirements Document, URD, suitable vendors for Kenya’s first NPP were evaluated and they were assessed and ranked. Selection of a Vendor is the role of the Owner-Operator and is a crucial step in establishing a Nuclear Power Programme in an embarking country. Given the significant risk of construction delays and cost overruns associated with building a nuclear power plant, the vendor selection process focussed on the vendor’s ability to meet scheduled deadlines. Additionally, a reactor vendor’s ability to provide a full scope of services is highly desirable for Kenya given the limited national experience in the nuclear industry.

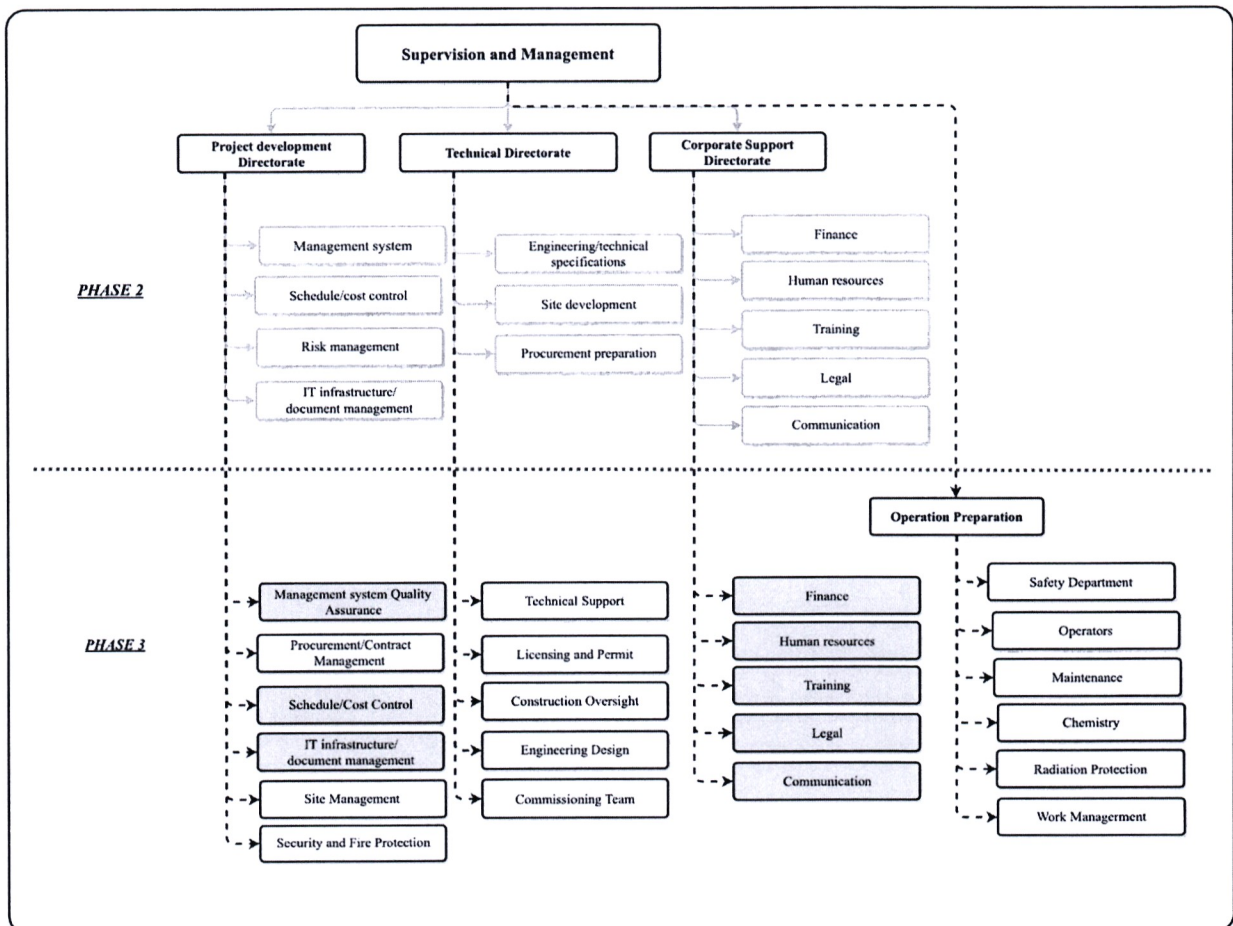
*Table 5: Major vendors in the nuclear industry*

<u>Major Vendors in the Nuclear Industry</u>		
Russia	China	South Korea
	US/Japan	France

The outcome of this assessment gives an insight into the vendor capability of deploying the technology in the country.

The Agency also developed strategies for the successful establishment of the Owner Operator organization for the Nuclear Power Project. Firstly, the roles and responsibilities of the Owner Operator were identified and a proposed organizational structure was developed. The Owner Operator human resource development and competence needs were outlined and undertook case studies and proposed options for the establishment of the Owner Operator.

*Table 6: Proposed organizational structure of the Owner Operator*



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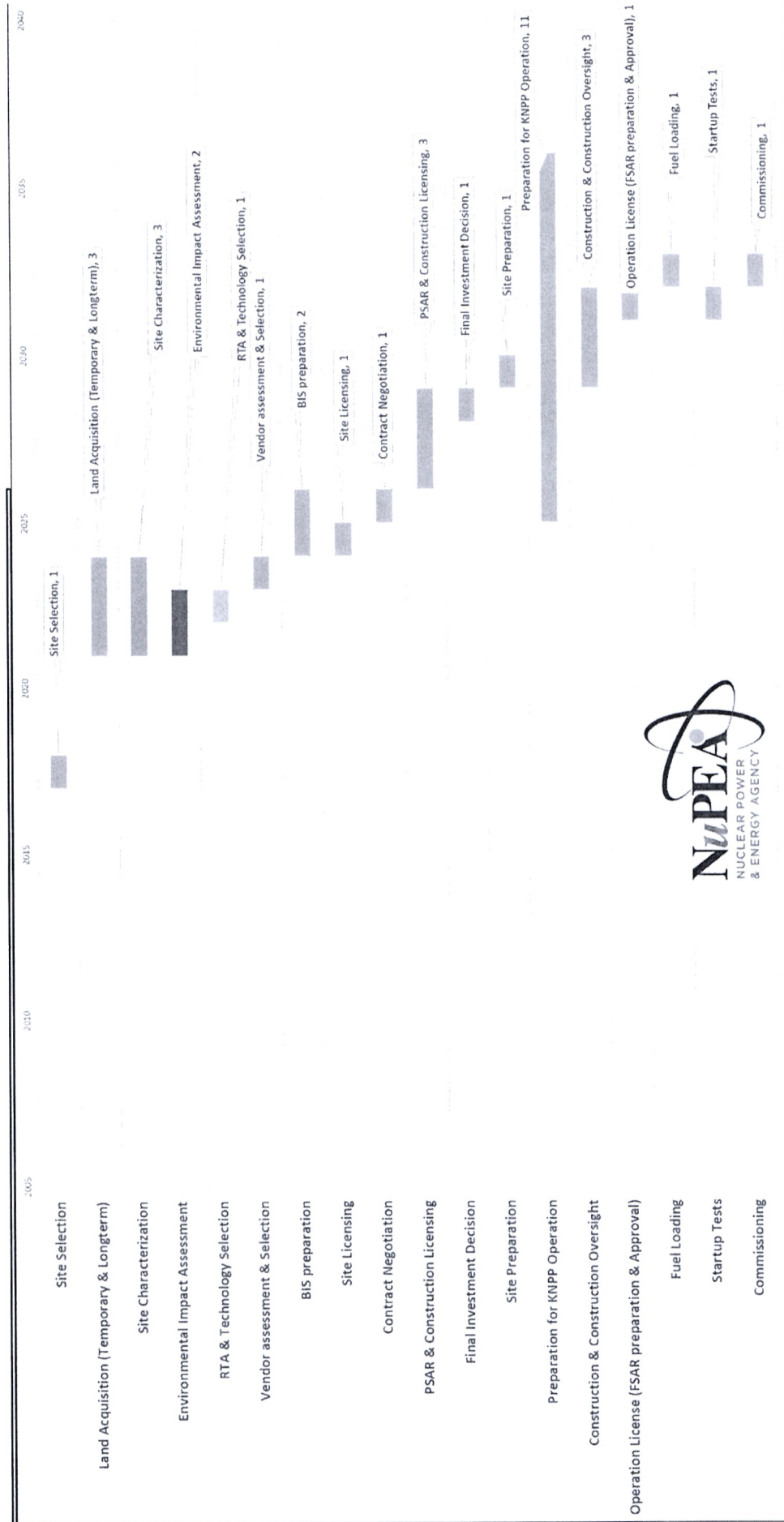


Figure 2: Owner Operator NPP construction roadmap

## **G. Industrial Involvement**

The Agency developed a localization policy. In the policy, NuPEA proposed recommendations for consideration in the localization policy and strategy for the nuclear power programme. It highlighted challenges that limit local industry participation in national projects, proposed thematic areas for policy interventions in the localization policy and recommended strategies to enable participation of the local industry in the Nuclear Power Programme.

## **H. Human Resources Strategy Development**

Kenya has embarked on its nuclear power programme and has recognized the need to conduct a workforce assessment of the present and future competency required to build the necessary level of human capacity to construct, operate, maintain, decommission and regulate nuclear power plants.

The report at hand provides a gap analysis which results from comparison to address the gaps (competency and labor numbers) identified in the national workforce vis a vis the NPP workforce requirements. The Nuclear Power Human Resource (NPHR) Model Simulations from the national labour workforce numbers and data obtained from mapping of national training and vocational institutions.

A workforce assessment was undertaken as a human resource development gap assessment study to identify the competency level of the national tertiary training institutes required to be addressed. It is because of this that mapping of institutions nationally was captured in the strategic plan. Various training institutions within different regions in the country were visited and engaged to understand their training programmes, levels of staffing and student accommodation, quality of training equipment and challenges that face these institutions.

The Agency conducted a human resource planning process to identify the current and expected national technical human workforce.

A total of 56 students have been enrolled in foreign universities (Harbin University in China, Seoul National University (SNU) and KEPCO International Nuclear Graduate School (KINGS) both in South Korea) to study masters in Nuclear Engineering and Science. Out of these, 46 have already graduated and the rest are due to graduate by 2023. A total of 58 students have been sponsored to undertake MSc Nuclear Science at the Institute of Nuclear Science and Technology, University of Nairobi.

**I. Nuclear Fuel Cycle**

Utilization of nuclear fuel in reactor operation for electricity generation entails a complex industrial process and operations for manufacturing fresh fuel and to manage spent fuel generated. This is part of the definition of the nuclear fuel cycle. It involves international collaborations in most cases, and a country which has a policy requirement to implement such activities has to consider paths with least financial implications and sound economic advantage. The analysis and assessment were conducted by considering material flow (nuclear material flow) which was analysed as a starting point for evaluation of best strategy. This fed into the economic assessment of the nuclear fuel cycle and influenced the nuclear reactor technology to adopt.

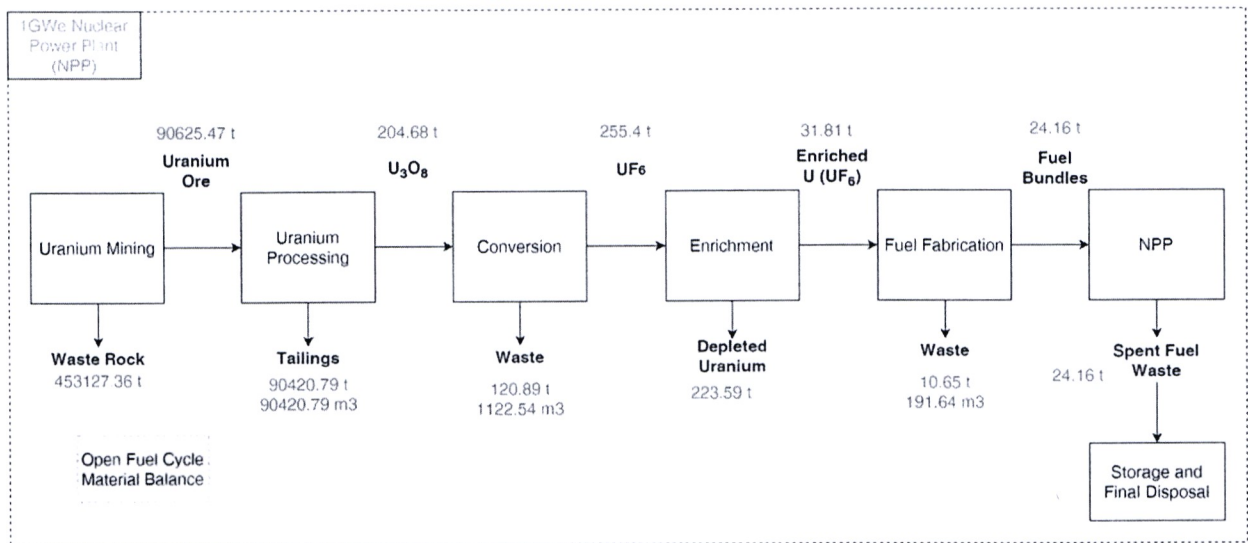


Figure 3: Uranium Material Flow for 1GWe Nuclear Power Plant

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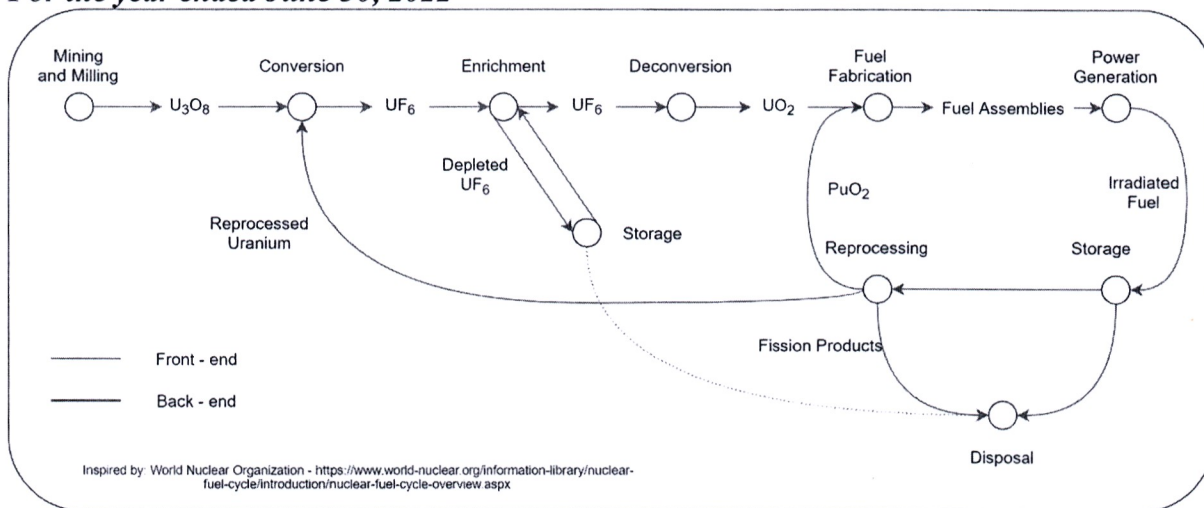


Figure 4: Nuclear Fuel Cycle Process

Ore Grade vs. The Countries

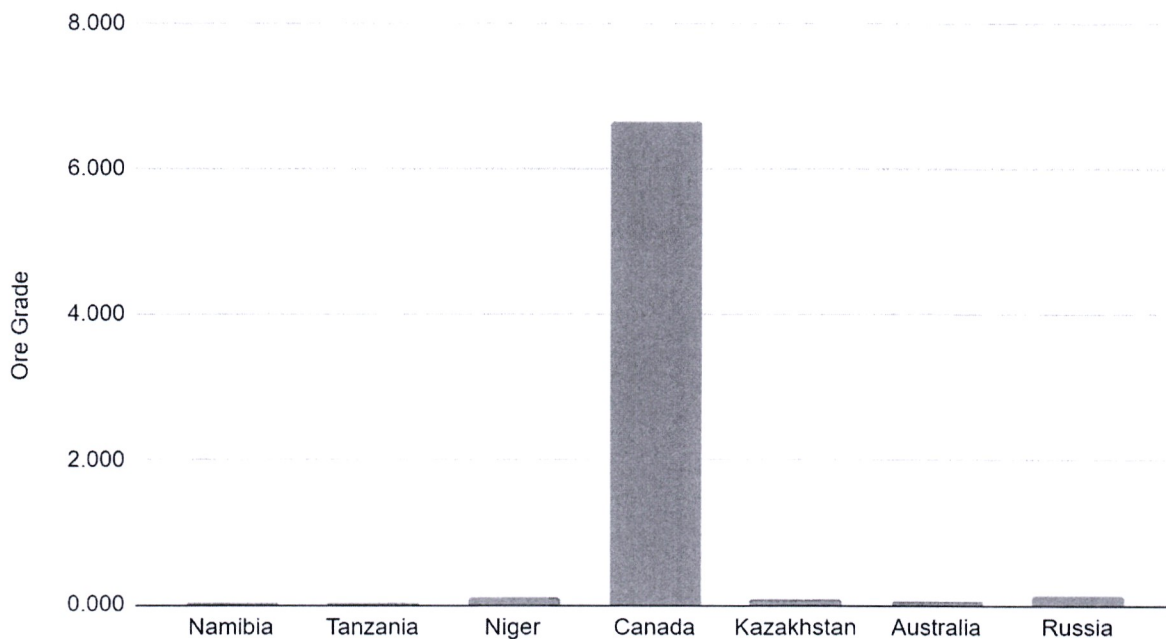


Figure 5: Ore grades from the countries with Uranium ore

**Resource available (tonnes)**

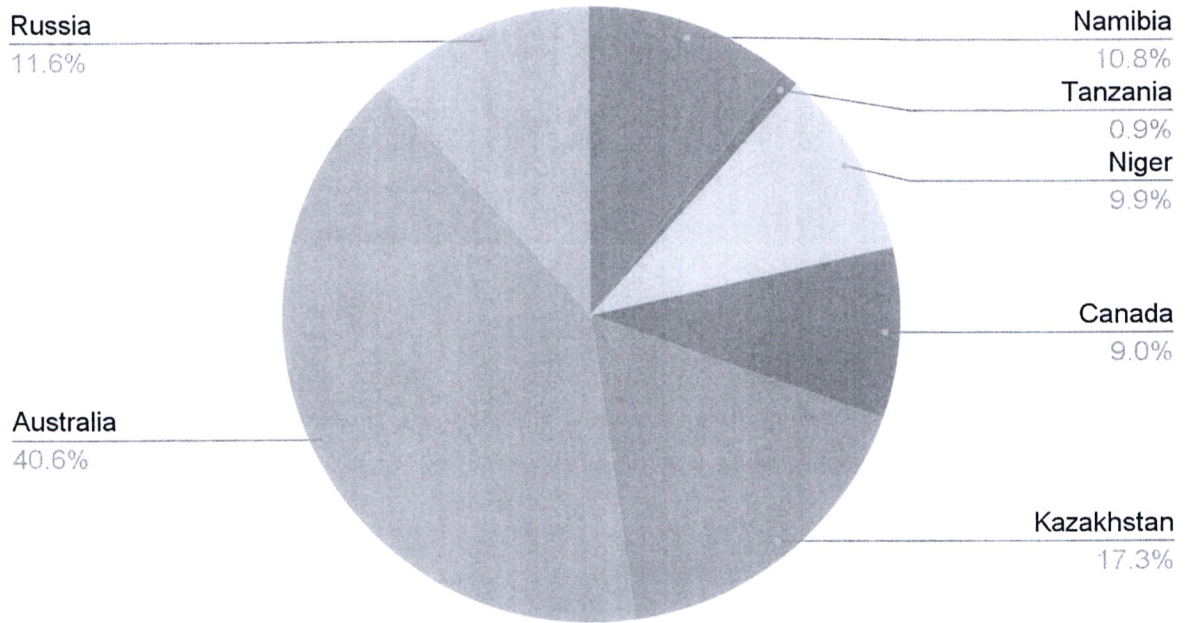


Figure 6: Global ore resource available

**Tonnes Ore required for 1400MWe technology**

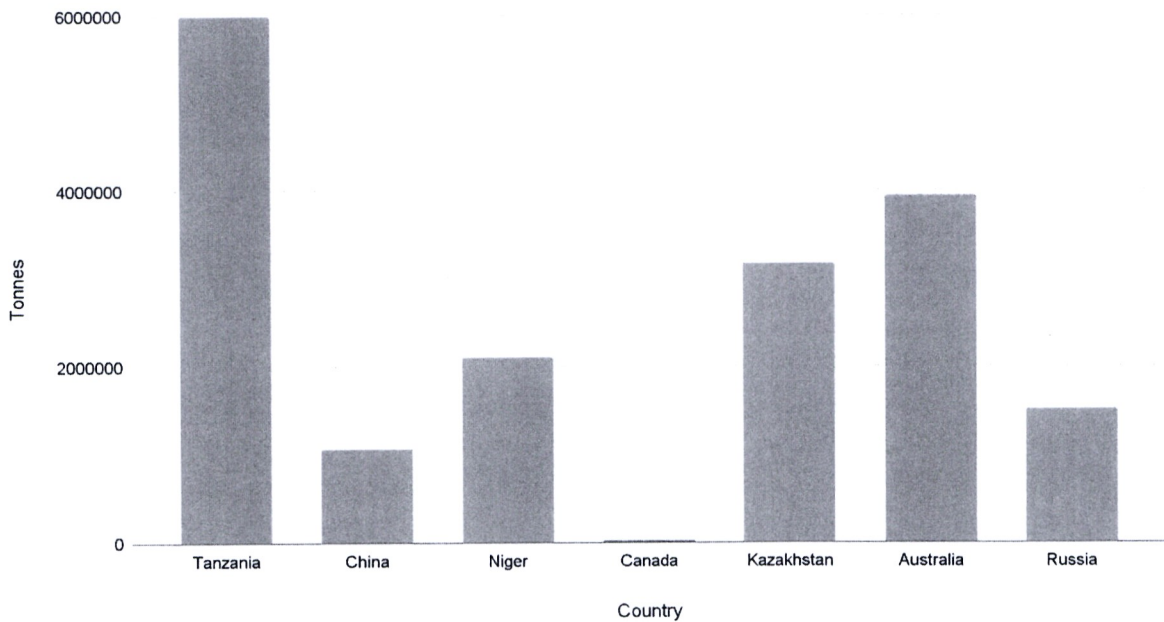


Figure 7: Mass of ore required from each of the ore grades from the various countries

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**I. Financial performance**

NuPEA is a state-owned agency under the Ministry of Energy and is funded through Exchequer allocations. The exchequer is disbursed through the Ministry of Energy on quarterly basis. Further the Agency also has externally mobilized fund from International Atomic Energy Agency (IAEA) to support Agency Capacity Building activities.

In the financial year 2021/2022, NuPEA had approved budget of **Ksh 818M** comprising of **Ksh.278.5M** for development, **Ksh.539.5M** for recurrent expenditure. During supplementary one cycle, the development budget was revised downwards to **Ksh.233M** while the recurrent budget was revised upwards to **Ksh.585M**. The budget was to be financed through Government grants amounting to **Ksh.810M** and grants from IAEA of **Ksh.8.0M**.

The Agency during supplementary two cycle made adjustments to the budget to accommodate a budget surplus of **Ksh.71.3M** realised in the financial year 2020/21.

This resulted to a final approved budget of **Ksh 889.3M** comprising of **Ksh.288.5M** development and **Ksh.600.8M** recurrent, translating to **8%** increase in overall budget allocation from the previous financial year 2020/2021 as indicated in the table below.

*Table 7: Comparison of budget allocation for the financial year 2021/2022 and 2020/2021*

	<b>2021/2022 Ksh Million</b>	<b>2020/2021 Ksh Million</b>	<b>Change Ksh Million</b>	<b>% Increase (decrease)</b>
Development	280.5	430	(149.5)	<b>(35%)</b>
Recurrent	600.8	383	217.8	<b>57%</b>
IAEA grant	8	8	-	-
<b>Total</b>	<b>889.3</b>	<b>821</b>	<b>68.3</b>	<b>8%</b>

**Revenue**

Revenues are government grants in form of exchequer disbursements from the Ministry of Energy, grants from International Atomic Energy Agency. During the Financial year the Agency received 98% exchequer allocation for the period amounting to **Ksh 795.0M**, translating to 2% decrease from the Financial year 2020/2021.

The total grants received from IAEA totalled **Ksh 4.2M** while no grant was received in the same period previous year, translating to 100% increase in the financial year 2021/2022, as depicted in the table below.

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Table 8: Comparison of revenue received for the financial year 2022/2021 and 2021/2020.

	2021/2022 Ksh Million	2020/2021 Ksh Million	Change Ksh Million	% Increase(Decrease )
Exchequer	795	813.6	-18.6	(2%)
Grant from IAEA	4.2	-	4.2	100%

### Expenditure

As at the end of the financial year, the Agency had incurred a total expenditure of **Ksh.869.5M** against **Ksh.712.2 M** in the year 2020/2021. Further the Agency spent **Ksh.57.4M** on purchase of fixed assets and intangible assets, a total of **Ksh37.6M** was spent on the same in the financial year 2020/2021, and **Ksh.30M** in staff mortgage. The expenses were incurred under the following categories;

Table 9: Comparison of expenditure incurred for the financial year 2022/2021 and 2020/2021.

	2021/2022	2020/2021	Change	%
	Ksh Million	Ksh Million	Ksh Million	Increase(Decrease)
Compensation of employees	385.9	375.1	10.8	3%
Use goods and services	423.7	291	132.7	46%
Board expenses	36	28.3	7.7	27%
Repairs and maintenance	3.9	4.2	-0.3	(7%)
Purchase of non-financial assets	57.4	37.6	19.8	53%
Employee mortgage and car loans	30	43	-13	(30%)
<b>Total</b>	<b>936.9</b>	<b>779.2</b>	<b>157.7</b>	

The Agency's revenue and expenditure has grown gradually over the last five years as depicted in the table below.

Table 10: Revenue and expenditure analysis for the last five years

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Total Revenue</b>	<b>548.6</b>	<b>518.2</b>	<b>907.8</b>	<b>813.6</b>	<b>805.4</b>
<b>Total Expenditure</b>	<b>498.9</b>	<b>329.4</b>	<b>640.1</b>	<b>712.2</b>	<b>869.5</b>

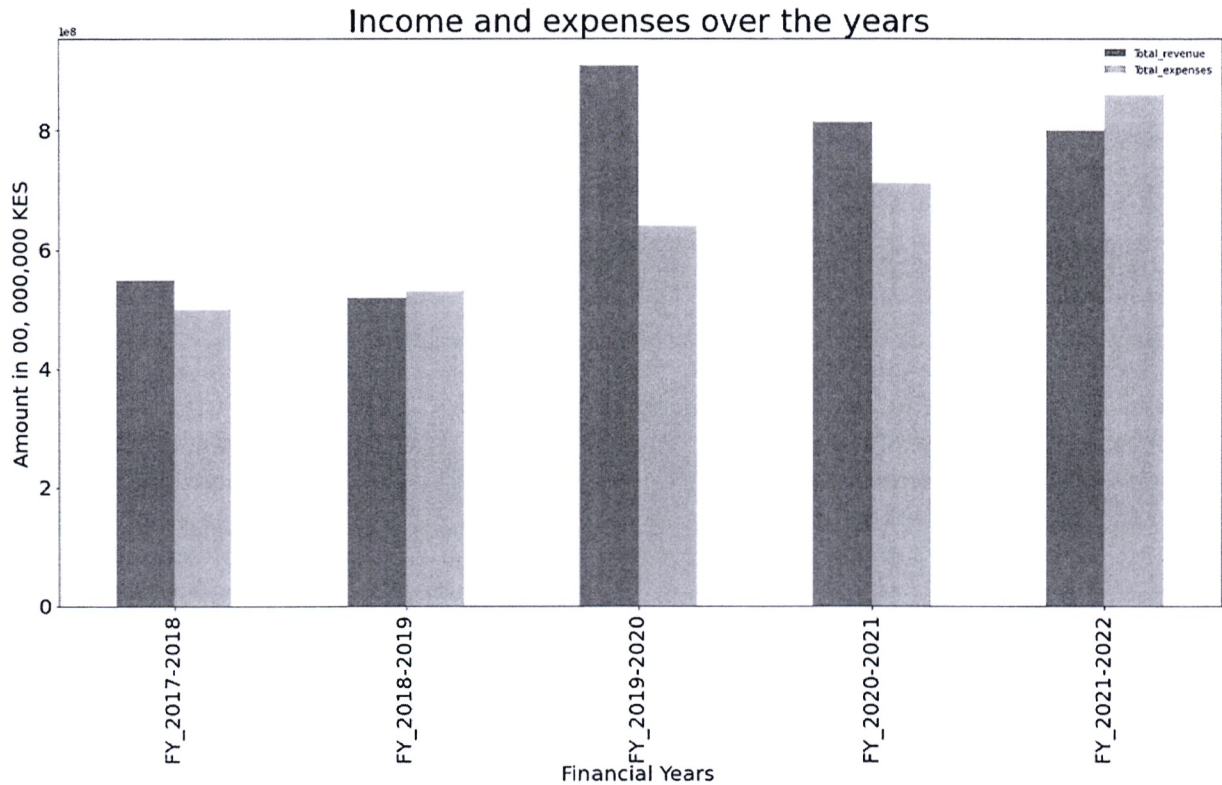


Figure 8: Graph showing comparison between revenue and expenditure for the Agency over the last five years.

**II. Compliance with statutory requirements**

NuPEA complied with all the statutory provisions in terms of reporting requirements, taxation returns, and payment and all financial obligations related to payroll statutory deductions.

There was no non-compliance that may expose the Agency to potential contingent liabilities of any future financial loss.

**III. Major Risks facing NuPEA**

Risk management is an integral part of the Agency’s control and corporate governance structures. The framework is based on an ongoing process designed to identify the principal risks to the achievement of NuPEA’s objectives, evaluate the nature and extent of those risks and manage risks efficiently, effectively and economically within the risk appetite set by the Agency.

The Risk Management Framework as defined by ISO 31000 is a set of components that provide the foundations and organizational arrangements for designing, implementing, reviewing and continually improving risk management throughout the organization.

In the FY 2018/2019, the Agency adopted a proactive process-based approach towards identification, mitigation and management of risks that could impede the realization of its objectives. Departmental Risk Registers were developed in line with ISO 9001:2015 and the

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Agency's Quality Procedures. During the FY 2019/2020, the Agency completed the preparation of its Risk Registers and developed an Annual Risk Management Plan and implemented it in FY 2020/2021.

A summary of the major risks and mitigation strategies is provided in the table below:

*Table 11: Major risks and mitigation strategies*

<b>Risk Category</b>	<b>Description</b>	<b>Risks</b>	<b>Mitigation Strategy</b>
Strategic Risk	Risks arising during the strategic management process (planning, implementation, monitoring and evaluation).	<ol style="list-style-type: none"> <li>1. Failure to achieve the strategic objectives.</li> <li>2. Weak monitoring, evaluation and reporting.</li> </ol>	<ol style="list-style-type: none"> <li>1. Stakeholder involvement during planning.</li> <li>2. Develop and implement a Monitoring and Evaluation system/plan.</li> <li>3. Implement a performance management system.</li> </ol>
Operational Risk	Risks arising from activities engaged in including systems, processes and procedures.	<ol style="list-style-type: none"> <li>1. Lack of requisite policies, procedures and systems.</li> </ol>	<ol style="list-style-type: none"> <li>1. Develop/Review requisite policies and procedures.</li> <li>2. Implement appropriate organizational systems (i.e. ISO 90001:2015, ISO/IEC 27001:2013, ISO 31000).</li> </ol>
Technology Risk	Risks arising from technological, process and service delivery innovations	<ol style="list-style-type: none"> <li>1. Resistance to adoption of new technologies.</li> <li>2. Information security and cybercrime.</li> </ol>	<ol style="list-style-type: none"> <li>1. Undertake staff training on new systems adopted by the Agency.</li> <li>2. Continuous monitoring and strengthening of information system security.</li> </ol>
Political Risks	Exposure arising out of the changing political landscape	<ol style="list-style-type: none"> <li>1. Some stakeholders may oppose some of the proposed programmes or activities.</li> </ol>	<ol style="list-style-type: none"> <li>1. Enhance public education and awareness.</li> <li>2. Effective stakeholder management.</li> <li>3. Seek effective collaborations and sharing of information.</li> </ol>
Human Resource Risk	This entails high employee turnover rate	<ol style="list-style-type: none"> <li>1. High staff turnover.</li> <li>2. Inadequate staff capacity - number and skill mix.</li> </ol>	<ol style="list-style-type: none"> <li>1. Hire staff with requisite skills.</li> <li>2. Staff training and development.</li> <li>3. Develop and implement strategies that will facilitate retention of qualified and productive staff.</li> <li>4. Monitor and evaluate Job</li> </ol>

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			Descriptions and specifications.
Financial Risk	This involves the adequacy and accessibility of funds to finance the Agency's projects and programmes.	<ol style="list-style-type: none"> <li>1. Inadequate funding.</li> <li>2. Delays in disbursement of resources to programmes/activities.</li> <li>3. Low absorption rate</li> </ol>	<ol style="list-style-type: none"> <li>1. Pitch for allocation of adequate resources from the government.</li> <li>2. Seek support from development partners.</li> <li>3. Synchronize work plans, budgets and procurement plans.</li> <li>4. Alignment of financial statements to prescribed timelines and requirements.</li> <li>5. Adherence to the procurement plan</li> <li>6. Training of staff members on finance for non-financial staff and procurement.</li> </ol>
Legal and Regulatory Risk	These are risks that arise as a result of change in laws and regulations, amendment of laws and inability of the Agency to meet its contractual commitments /obligations	<ol style="list-style-type: none"> <li>1. Inadequate regulatory framework.</li> <li>2. Litigation.</li> </ol>	<ol style="list-style-type: none"> <li>1. Propose review and development of relevant laws and regulations.</li> <li>2. Ensure full compliance with applicable laws and regulations.</li> <li>3. Enhance public participation and stakeholder engagement.</li> </ol>

**IV. Material arrears in statutory and financial obligations**

NuPEA has no material arrears in statutory and financial obligation.

**V. NuPEA's financial probity and serious governance issues**

The Agency did not have any financial impropriety reported by either internal audit, Board Audit Committee, external auditors, or any other National Government Agencies providing oversight. There were no serious governance issues among the Board and top management including conflict of interest.

## **9. Environmental and Sustainability Reporting**

NuPEA exists to transform lives. This is our purpose, the driving force behind everything we do. It is what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the Agency's policies and activities that promote sustainability.

Nuclear electricity generation utilizes clean enriched Uranium fuel. This is a zero-carbon emission generation.

### **i) Sustainability strategy and profile**

#### **Nuclear Infrastructure Development**

The Government's objective in implementation of a nuclear power programme is the provision of safe, reliable and competitively priced electricity to power successful implementation and operationalization of Vision 2030 flagship projects and other future power intensive development projects.

Kenya's development of a nuclear power programme is a major undertaking that requires long term commitment to the highest standards of safety, security and operational excellence. NuPEA has continued to effectively coordinate and build sustainable nuclear infrastructure that will provide governmental, legal, regulatory, managerial, technological, human resource, industrial and stakeholder support throughout the nuclear power programme's life cycle. The following projects have been implemented successfully;

- a) Enactment of the Kenya Nuclear Regulatory Act, 2019, that established the country's nuclear regulatory authority. The Act provides a comprehensive framework for the regulation of safe, secure and peaceful utilization of atomic energy and nuclear technology; the production and use of radiation sources and the management of radioactive waste;
- b) Developed a national nuclear energy policy.
- c) Developed a framework for ascension of international nuclear safety treaties and conventions.
- d) Finalized technical requirements for site characterization of nuclear power plants in Kenya.
- e) Designed grid interconnection schemes for Kenya's NPP from both preferred and alternate sites.
- f) Evaluated emergency planning framework for the nuclear power programme.
- g) Developed a framework for environmental assessment of nuclear power plants in Kenya.
- h) Conducted studies on requirements for security and physical protection threat assessment and design basis threats of nuclear power plants and nuclear material.
- i) Prepared a model case for the Kenya Nuclear Power Human Resource development strategy.

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- j) Reviewed the current State System of Accounting and Control of Nuclear Material (SSAC) including obligations and commitments to international safeguards instrument and developed a plan for the transition from the Small Quantities Protocol to Comprehensive Safeguards Agreement.
- k) Conducted stakeholder engagement in various counties and implemented school outreach programs.

NuPEA is committed towards establishment of requisite infrastructure for efficient implementation of Kenya's nuclear power programme.

**Energy Research & Development and Capacity Building**

In addition to the role of development of infrastructure necessary for establishment of a nuclear power programme in Kenya, the Energy Act, 2019 provides additional mandates to NuPEA for coordination of research and development and capacity building in the energy and petroleum sectors in Kenya. The Agency implemented the following;

- a) To guide the Agency's operations in the medium term, the Agency developed a 5-year strategic plan that incorporates the new mandates and spells out clear five-year objectives and implementation plans.
- b) Towards implementation of new functions of coordinating R&D and capacity building in the energy and petroleum sectors;
- c) NuPEA constituted two Technical Working Groups (TWGs) to develop coordination frameworks for R&D and capacity building with representation from the ministries in charge of energy and petroleum sectors as well as all state corporations in the two sectors.
- d) NuPEA and REREC jointly developed a framework for collaboration on renewable energy R&D.
- e) A study to evaluate the justification towards establishment of a research reactor in Kenya was undertaken. A research reactor is envisaged to support education and training, industrial, medical, and research applications within the country and across the region. A feasibility study of the project is being undertaken.

NuPEA continues to build adequate capacity towards provision of excellent leadership to the energy and petroleum sectors through efficient coordination of R&D and capacity building.

**ii) Environmental performance**

The Nuclear Power and Energy Agency is charged with the responsibility of promoting and implementing Kenya's Nuclear Power Programme and carrying out research and development for the energy sector. Towards attainment of its mandate, the Nuclear Power and Energy Agency is currently developing policies and legislation, identifying suitable sites for the construction of Nuclear Power Plants; carrying out research, development and innovation on energy technologies as well as capacity building for the energy sector.

Currently, NuPEA does not generate any waste streams. However, future prospects and goals of undertaking its mandate will be the construction of the first nuclear power plant for generation of electricity and also the construction of the first research reactor facility for utilization in the medical sector, education sector, industry, agriculture and research and development. These facilities will generate waste streams in the form of radioactive waste and spent fuel (irradiated nuclear fuel in the reactor core). Therefore, a clear policy and strategy needs to be in place to realize safe management of radioactive waste and spent fuel, in terms of storage, transport, processing, and eventual disposal (geological disposal) with minimal or no release to harm people and the environment. Another possibility of waste generation that is beyond radioactive waste and spent fuel generation is during construction and decommissioning of the mentioned facilities and construction Kenya's first deep and near-surface geological disposal facilities for spent fuel material and radioactive waste.

With these in mind, current guidance laws that shall achieve the above objectives and align to the mandate of NuPEA are:

- a) The Environmental Management and Coordination Act (EMCA) - a framework law on environmental management and conservation. The Act provides for environmental protection through;
  - i. Environmental impact assessment of a facility and public participation.
  - ii. Environmental audit and monitoring.
  - iii. Environmental restoration orders, conservation orders, and easements.
  - iv. Strategic Environmental Assessment (SEA) for integrating environmental consideration into Policies, Plans, and Programs (PPP) and evaluating the inter-linkage with economic and social considerations through public participation.
- b) NEMA subsidiary legislations on environment protection
  - i. NEMA has established subsidiary legislations for regulations of activity that would result in generation of any waste to minimize harmful environmental impact to any activities, in this case the nuclear power programme.

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- c) Nuclear Regulatory Act establishment of Kenya Nuclear Regulatory Authority - a comprehensive framework for the regulation of safe, secure and peaceful utilization of atomic energy and nuclear technology; the production and use of radiation sources and the management of radioactive waste and spent fuel management
  - i. The act provides provisions for classification of radioactive waste, regulations, responsibility, export and import controls and safety requirements of a facility licensed for management/ production of waste, to ensure no release of radioactive material that could bring harm, damage to people and the environment.
- d) KNRA subsidiary legislations on nuclear regulations and environmental protection
  - i. KNRA shall provide subsidiary legislation to regulate activities that would result in generation of radioactive waste, through inspection, requirements, licensing and quality management and planning.

**iii) Employee welfare**

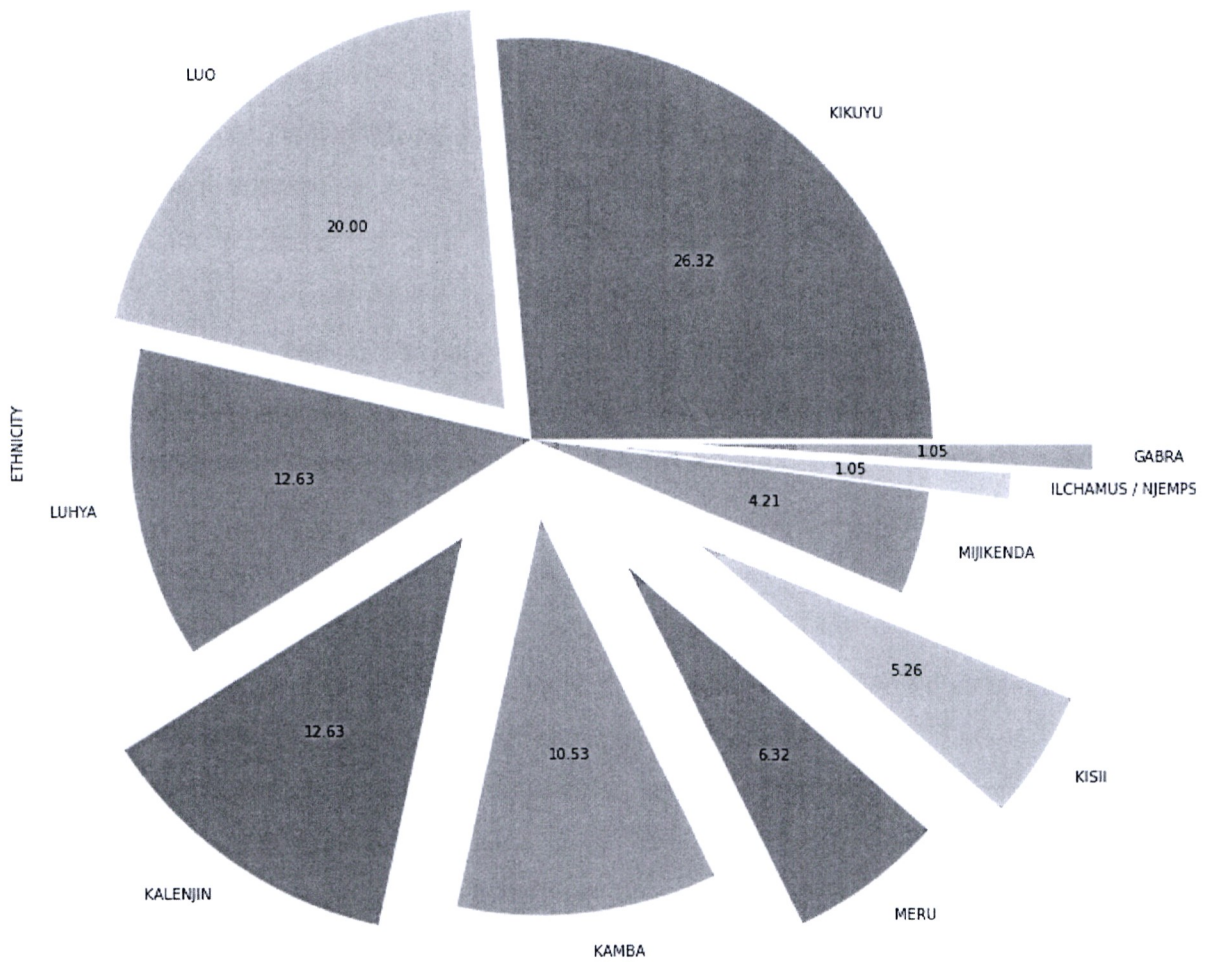
The Nuclear Power and Energy Agency recognizes all its employees as the most valuable resource and that the welfare of all staff is essential in achieving the Agency's Vision and Mission. The Agency is committed to providing a caring and supportive working environment which is conducive to the welfare of all staff to enable them to develop and optimize their full potential. The staff welfare is a joint responsibility and members of staff are expected to contribute and participate effectively. The Agency has in place staff welfare policies and schemes such as staff medical, group life and work injury benefits, mortgage and car loan among others.

**Recruitment**

The Agency recognizes that human capital is a critical asset to achievement of its strategic objectives and is fundamental to its success. The Agency has adopted a strategic and systematic approach to resourcing in order to attract and retain competent staff with requisite skills, knowledge and capabilities.

The Agency is an equal opportunity employer and is committed to ensuring that the recruitment and selection of employees is conducted in a manner that is competitive, promotes equal opportunity, equality, diversity and does not discriminate on the basis of race religion, ethnicity or any other form of discrimination.

**Ethnic distribution in NuPEA**

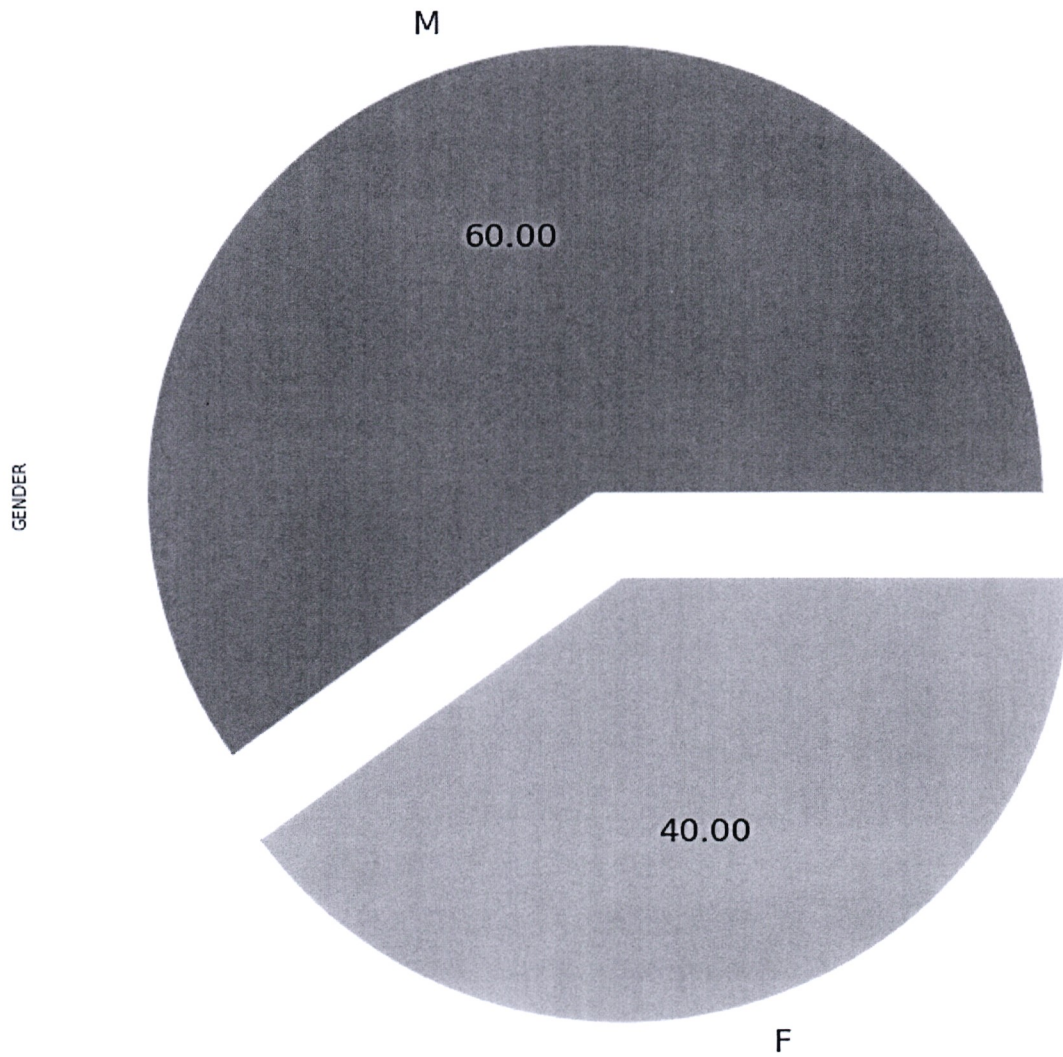


*Figure 9: Ethnic composition of the NuPEA staff members*

The Constitutional requirements on mainstreaming of gender and persons with disabilities as stipulated in Article 52 and 57 of the Constitution Kenya 2010 are observed alongside other policies issued by the National Cohesion and Integration Commission.

The Agency has a gender policy in place and gender-based policies that are aligned to the national values.

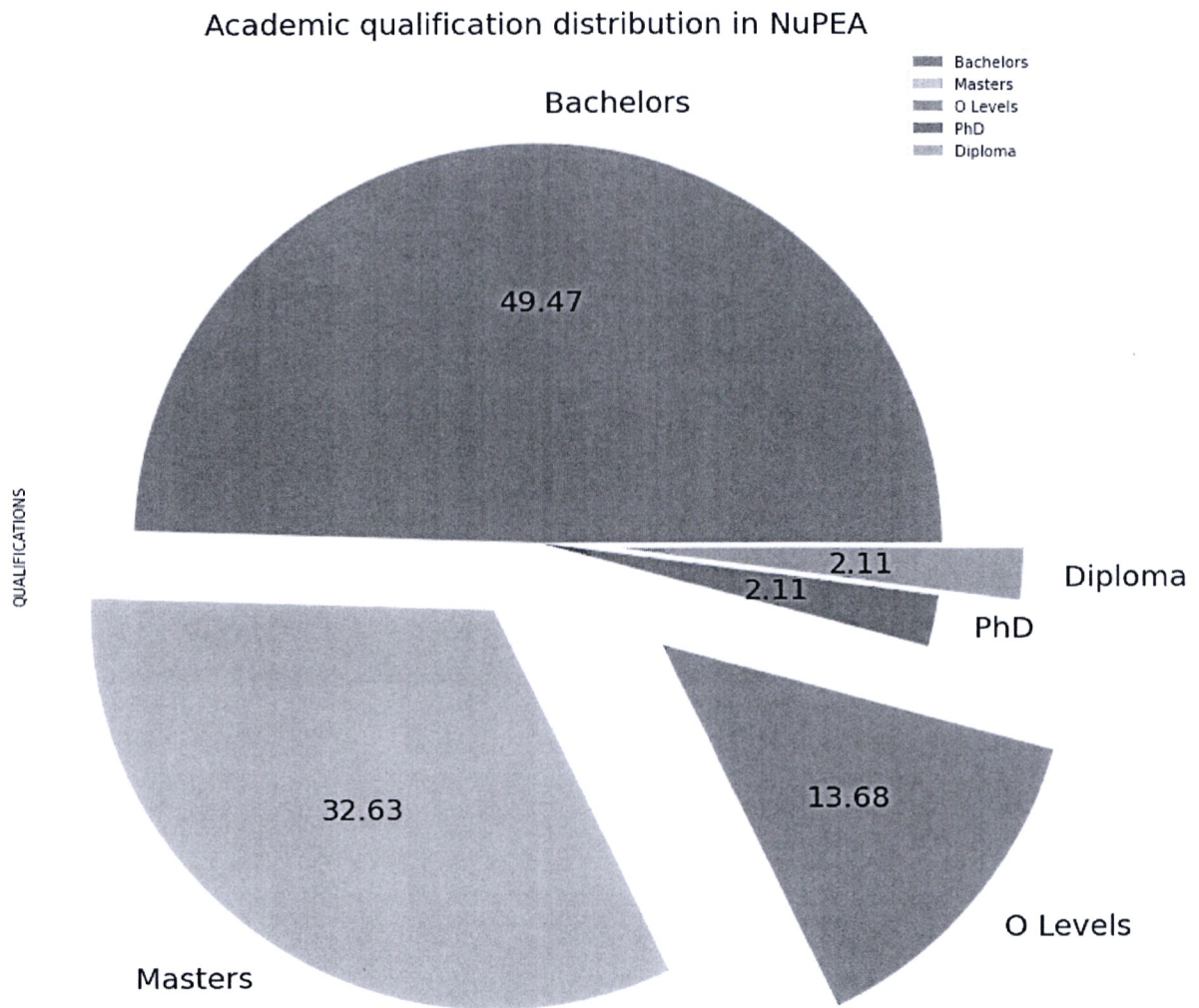
## Gender distribution in NuPEA



*Figure 10: NuPEA percentage gender composition*

**Career guidelines**

The Agency has a Career Guidelines Policy that guides on appointment and promotion of employees in their respective field of employment in order to promote career growth and motivate employees. The Career Guidelines Policy outlines the competency framework, experiences and qualifications required for career progression. It also defines and documents the Agency's succession plan by defining positions, responsibilities and accountabilities in a progressive manner.



*Figure 11: Academics qualification*

**Performance Management**

The Agency is committed to promoting high performance standards in order to achieve its overall mandate and strategic objectives. To this end, the Agency has adopted the application of performance contracting, a results-oriented system of management aimed at introducing a systematic process of planning work, setting goals and expectations, continually monitoring performance, developing the capacity to perform and periodically rating performance. The Agency Performance contract is anchored on national development goals with clear linkage to the Agency's strategic plan. It is cascaded to all Departments/ Divisions, levels and cadres of employees.

The Staff Performance Appraisal system (SPAS) is grounded on the principle of work planning, setting of agreed performance targets, feedback and reporting. It is linked to other human resource systems and processes including employee development, career guidelines, placement, rewards and sanctions.

The Agency has put in place an incentive scheme aimed at rewarding members of staff based on the value they are adding to the Agency in relation to their performance, approved experience and professional skills/competence. The Rewards and Sanction framework establishes a basis for rewarding exemplary performance and administering sanctions for poor performance, motivating employees to have a positive attitude to work and to enhance productivity in the Agency.

**Training and Development**

Whilst the Agency will recruit competent personnel, it endeavours to continuously upgrade employee's core competencies, knowledge, skills and attitudes of its employees to ensure that their performance meets and/or exceeds the minimum expectations and benchmarks best practices. The Agency therefore recognizes the need for training and development of all employees in order to ensure effective delivery of it's the Agency mandate. The Agency is committed to providing training and development opportunities to all staff in a fair and equitable manner without any form of discrimination.

In the year under review, NuPEA conducted internal training need assessment and facilitated employees to undertake Continuous Professional Development (CPD) courses offered by their respective professional bodies. The Agency also facilitated other trainings and conferences for staff members which has been of great importance in improvement of NuPEA's work execution.

**Occupational Health and Safety**

The Management of NuPEA is committed to the health and safety of its employees and stakeholders at large. Management is committed to continuing improvement toward an accident-free workplace through effective administration, education and training. To this end, the Agency has developed OHS Policy that provides guidelines for NuPEA to make conscious effort to conserve and improve safe and healthy working conditions for staff, clients and visitors in compliance with Occupational Safety and Health Act No. 15 of 2007 and any other relevant occupational safety and health legislation and regulations. The policy seeks to reduce the number of work-related accidents and diseases, and equitably provide compensation and rehabilitation to those injured at work or who contract occupational diseases.

**iv) Marketplace practices**

NuPEA is committed to public advertising as a part of enhancing knowledge and understanding of Kenya's nuclear power programme and its mandate. This is also geared towards strengthening its brand and corporate visibility. The target audience is both national and international stakeholders including members of the general public. The Agency's advertisements are intended to publicize packaged key messages about nuclear energy, job vacancies, NuPEA events, and procurement opportunities among other infomercials.

In order to realize sustainable advertising, NuPEA deploys an intensive multimedia approach. The Agency majorly utilizes electronic and print media such as paid-up advertorials on television, radio and newspaper supplements particularly on MyGov. Further, the Agency undertakes digital media advertising which entails proactive publishing of content on its website and social media platforms (Twitter, Facebook, Instagram and YouTube). Other forms of advertising used by the Agency include Information, Education and Communications (IEC) materials such as brochures, fliers, banners and assorted branded merchandise which help to boost its brand image and visibility.

**a) Responsible competition practice**

The Agency gives the suppliers opportunities to register with the Agency on different categories to provide goods, works and services on the expertise they have. Further, the Agency invites registered suppliers on rotational basis to ensure equal chances in bidding process.

**b) Responsible Supply chain and supplier relations**

The Agency ensures supplier relationships through collaboration and working as a team with its suppliers. This involves having a two-way information flow and resolving any arising conflicts amicably.

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In the year under review, the Agency awarded tenders worth Kshs. 204,195,838.70 out of which Kshs. 145,252,789.20 was awarded to youth, women and People with Disabilities (PWDs). This is in accordance with the Procurement act, regulations and Government preferential procurement policy on Access to Government Procurement Opportunities (AGPO). The regulation provides for a public entity to allocate at least 30% of its procurement budget for procuring goods, works and services from micro and small enterprises owned by youth, women and People Living with Disabilities (PWDs). These procurement opportunities have created diverse financial benefits for the special groups as well as enhancing the NuPEA's corporate image and reputation.

The Agency is committed to ensuring that suppliers payment documents are compiled timely to ensure that the payments for the goods/ works/services is done within the stipulated period.

**c) Responsible marketing and advertising**

The Agency advertises its open tenders via MyGov as per the government guidelines on public procurement.

**d) Product stewardship**

The Agency ensures that the goods and services procured meets the standard requirements.

**v) Corporate Social Responsibility (CSR)/ Community Engagements**

As a corporate citizen, NuPEA values and cherishes the rich tapestry, variety and diversity of the country's social fabric through its commitment to supporting endeavors that better the lives of Kenyans. Concurrently with its operations, the Agency continued implementing CSR initiatives in communities with a view to make a positive impact in the lives of the people living in them.

NuPEA is committed to environmental conservation and partnership with other parties towards the attainment of the presidential directive on tree planting and increase in forest cover in the country. In FY2021/22, the Agency made a strong pitch for environmental conservation during tree planting exercises where 2,000 tree seedlings were planted in Uyombo Girls, Roka Maweni, Chumani, and Katana Ngala Secondary Schools in Kilifi County. This is in line with the Agency's commitment and efforts to contribute to the global mitigation of climate change by promoting sustainable environmental stewardship.

Further, the Agency undertook a collaborative CSR initiative together with Kilifi North and Kilifi South Constituencies. This involved in-kind donations to the local residents including academic institutions and organized youth groups. The items included 14,000 exercise books, 1,200 market sheds, 2,000 dust coats and 7,000 safety reflector jackets.

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NuPEA recognizes that many girls continue to miss out on education due to absenteeism that is related to reproductive health issues as they are forced to stay away from school when they are not able to manage their menstruation. The Agency made efforts to support the Government Sanitary Towels Programme steered by the Ministry of Public Service, Youth and Gender Affairs. The Programme is geared toward addressing the menstrual challenge faced by school girls in the reproductive age bracket. In the year under review, the Agency disseminated 23,000 sanitary towels and accessories to less privileged girls in public primary and secondary schools in Kilifi County. This was aimed at helping the girls to access uninterrupted education and retain them in school during their menstrual periods and thereby enhance their academic performance.

Lastly, the Agency constructed a perimeter fence in Uyombo Girls Secondary School in Kilifi County. The School was strategically selected for this purpose on the basis that it sits on one of the potential sites identified to host nuclear power plants. Also, NuPEA has planned to install a meteorological station to assist in scientific data collection and prior to the installation of this facility, there was need to enhance security in the School.

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**10. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the Nuclear Power and Energy Agency affairs.

**i) Principal activities**

The principal activities of the Agency as stipulated in the Energy act of 2019 is;

- (a) To be the nuclear energy programme implementing organization & promote the development of nuclear electricity generation in Kenya
- (b) Carry out research, development and dissemination activities in the energy and nuclear power sector.

**ii) Results**

The results of the Entity for the year ended June 30, 2022, are set out on page 1 to 25

**iii) Directors**

The members of the Board of Directors who served during the year are shown on page x to xvii. During the year five (5) director retired and three (3) were appointed with effect from 13<sup>th</sup> May 2022.

**iv) Surplus remission**

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Nuclear Power and Energy Agency did not make any surplus during the year FY 2021-2022 and hence no remittance to the Consolidated Fund.

**v) Auditors**

The Auditor-General is responsible for the statutory audit of the Nuclear Power and Energy Agency in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board.....

**Name: Justus Wabuyabo**

**Corporation Secretary**

## **11. Statement of Directors' Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act require the Directors to prepare financial statements in respect of the Agency, which give a true and fair view of the state of affairs of the Agency at the end of the financial year/period and the operating results of the Agency for that year/period. The Directors are also required to ensure that the Agency keeps proper accounting records which disclose with reasonable accuracy the financial position of the Agency. The Directors are also responsible for safeguarding the assets of the Agency.

The Directors are responsible for the preparation and presentation of the Agency's financial statements, which give a true and fair view of the state of affairs of the Agency for and as at the end of the financial year (period) ended on June 30, 2022. 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 Agency;
- 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 Agency;
- v) Selecting and applying appropriate accounting policies; and
- vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Agency's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Agency's financial statements give a true and fair view of the state of the Agency's transactions during the financial year ended June 30, 2022, and of the Agency's financial position as at that date.

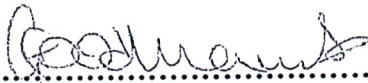
The Directors further confirm the completeness of the accounting records maintained for the Agency, which have been relied upon in the preparation of the Agency's financial statements as well as the adequacy of the systems of internal financial control.

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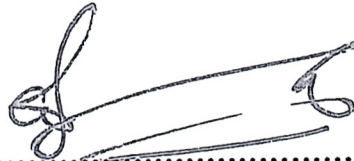
Nothing has come to the attention of the Directors to indicate that the Agency will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Agency's financial statements were approved by the Board on \_\_\_\_\_ 2022 and signed on its behalf by:



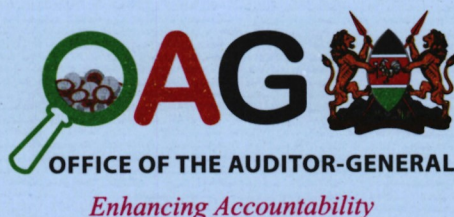
**Mr. Ezra Odondi Odhiambo  
CHAIRMAN OF THE BOARD**



**Eng. Collins Juma, MBS  
CHIEF EXECUTIVE OFFICER**

# REPUBLIC OF KENYA

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## REPORT OF THE AUDITOR-GENERAL ON NUCLEAR POWER AND ENERGY AGENCY FOR THE YEAR ENDED 30 JUNE, 2022

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### PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Nuclear Power and Energy Agency set out on pages 1 to 26, which comprise of the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amount 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 effects of matter described in the Basis for Qualified Opinion section of the report, the financial statements present fairly, in all material respects, the financial position of the Nuclear Power and Energy Agency as at 30 June, 2022, and of its

financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Energy Act, 2019.

### **Basis of Qualified Opinion**

#### **Inaccuracies in the Financial Statements**

The statement of financial performance for the year ended 30 June, 2022 reflects a deficit of Kshs.70,207,926 which is at variance with deficit of Kshs.66,286,079, reflected in the statement of comparison of budget and actual amounts resulting in an unexplained variance of Kshs.3,921,847.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nuclear Power and Energy Agency Management in accordance with ISSAI 130 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 audit 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. There were no key audit matters to report in the year under review.

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

#### **Basis for Conclusion**

##### **1. Non-Preparation of Financial Statements for the Fund**

As disclosed in Note 14 (b) to the financial statements, the statement of financial position reflects transfers to the Staff Mortgages and Car Loan Fund amounting to Kshs.317,285,000. However, Management has not prepared separate financial statements for the Fund contrary to Section 84(1) of the Public Finance Management Act, 2012.

In the circumstances, Management was in breach of the law.

##### **2. Failure to Observe One Third of Basic Salary Payment Rule**

Review of the payroll records for the months of March and June revealed that eighteen (18) officers were paid a net salary that was less than a third (1/3) of their basic pay contrary to provisions of Section 19(3) of the Employment Act, 2007 which stipulates states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions that may be made by an employer from

the wages of his employee at any one time shall not exceed two-thirds of such wages or such additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry.

In the circumstances, Management contravened the law and this may expose the staff to pecuniary embarrassment.

### **3. Unapproved Directors Fees Payable**

The statement of financial position and Note 17 to the financial statements reflects trade and other payables from exchange transactions of Kshs.102,672,797 which includes provisions amounting to Kshs.12,120,000 being Directors fees payable. In a letter dated 02 March, 2020, The National Treasury requested for evidence providing for Directors' entitlement to the fee, for instance, the Agency's Remuneration Policy for Board Members and/or any supporting document, and a breakdown of the outstanding Directors' fees before it could consider the Agency's request for approval. However, no evidence of approval of payment of the allowances was provided for audit review.

In the circumstances, the regularity of Directors fees payable balance of Kshs.12,120,000 could not be confirmed.

### **4. Non-Compliance with Executive Order on Procurement**

During the year under review, the Agency did not publish processed tenders in the Public Procurement Information Portal. The Agency is yet to migrate its procurement processes to the E-procurement platform and all procurements were processed manually during the year under review. This was contrary to the provisions of the Executive Order No.2 of 2018 which requires all public entities to publish all tenders processed by the respective entities through the Public Procurement Regulatory Authority website, and the Public Procurement Regulatory platforms.

In the circumstances, Management was in breach of the law.

### **5. Unapproved Domestic Appliances Loan**

The statement of financial performance and Note 7 to the financial statements reflects interest on staff loans of Kshs.114,719 in respect of domestic appliances loan. However, no approval from The National Treasury was provided for advancement of the credit facilities to the staff as required by the Act. It is not clear how the rates of interest were arrived at and the payment period for the loans.

In the circumstances, the regularity of the advancement of the loans to staff could not be confirmed.

### **6. Unapproved Over-Expenditure**

The statement of comparison of budget and actual amounts for the year ended 30 June, 2022 reflects final receipts budget of Kshs.889,276,042 against actual amount of Kshs.870,609,025 resulting in a revenue shortfall of Kshs.18,667,017 or 2% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.889,276,042 and Kshs.936,895,103 respectively resulting in an over-expenditure of Kshs.47,619,061 or 5% of the approved budget.

The over-expenditure was not approved contrary to Sections 51(2) of the Public Finance Management Regulations, 2015, which requires that commitment of goods and services be made against approved budget.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and the Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis), and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Agency's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of service and using the applicable basis of accounting unless Management is aware of the intention to terminate the Agency or to cease operations.

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.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Agency's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level, the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable 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 Agency'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 Agency 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 Agency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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 which may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

12 April, 2023


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**13. Statement of Financial Performance for the Year Ended 30 June, 2022**

	Notes	FY 2021-2022	FY2020-2021
<b>Revenue from non-exchange transactions</b>		<b>Kshs</b>	<b>Kshs</b>
Transfers from other government entities	6	795,000,000	813,557,760
Other Income	7	4,332,983	-
<b>Total Revenue</b>		<b>799,332,983</b>	<b>813,557,760</b>
<b>Expenses</b>			
Use of goods and services	8	423,727,451	290,979,902
Employee costs	9	385,911,321	375,096,517
Remuneration of Directors	10	35,985,797	28,316,897
Depreciation and amortization expense	11	20,050,243	13,599,100
Repairs and maintenance	12	3,866,096	4,188,183
<b>Total expenses</b>		<b>869,540,909</b>	<b>712,180,599</b>
<b>Surplus(Deficit) before Tax</b>		<b>(70,207,926)</b>	<b>101,377,161</b>
<b>Surplus(Deficit) for the period</b>		<b>(70,207,926)</b>	<b>101,377,161</b>

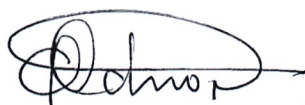
The notes set out on pages 6 to 23 form an integral part of these Financial Statements

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



**Chief Executive Officer**  
Eng. Collins Juma, MBS

Date:



**Head of Finance**  
CPA Caren Oduor  
CPAK No: 6187

Date:



**Chairman of the Board**  
Mr. Ezra Odhiambo

Date:

*Nuclear Power and Energy Agency  
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**14. Statement of Financial Position As At 30 June, 2022**


	Notes	FY 2021-2022	FY2020-2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	142,339,169	222,346,051
Receivables from non-exchange transactions	14(a)	15,709,488	112,419,045
<b>Total Current Assets</b>		<b>158,048,657</b>	<b>334,765,096</b>
<b>Non-current assets</b>			
Property ,plant and equipment	15	105,629,191	56,376,747
Intangible Assets	16	18,067,649	18,043,170
Staff Mortgage/ Car Loan fund	14(b)	317,285,000	287,285,000
<b>Total non - current assets</b>		<b>440,981,840</b>	<b>361,704,917</b>
<b>Total assets</b>		<b>599,030,497</b>	<b>696,470,013</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	17	102,672,797	142,171,464
<b>Total current liabilities</b>		<b>102,672,797</b>	<b>142,171,464</b>
<b>Non-current liabilities</b>			
Non-current employee benefit obligation	18	56,412,617	53,315,388
<b>Total non-current liabilities</b>		<b>56,412,617</b>	<b>53,315,388</b>
<b>Total liabilities</b>		<b>159,085,414</b>	<b>195,486,852</b>
<b>Net assets</b>			
Reserves		118,518,313	118,518,313
Accumulated surplus		321,426,770	382,464,847
<b>Total net assets</b>		<b>439,945,083</b>	<b>500,983,160</b>
<b>Total net assets and liabilities</b>		<b>599,030,498</b>	<b>696,470,012</b>

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



**Chief Executive Officer**  
Eng. Collins Juma, MBS

Date:



**Head of Finance**  
CPA Caren Oduor  
CPAK No: 6187

Date:



**Chairman of the Board**  
Mr. Ezra Odhiambo

Date:

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**15. Statement of Changes in Net Assets for the Year Ended 30 June, 2022**

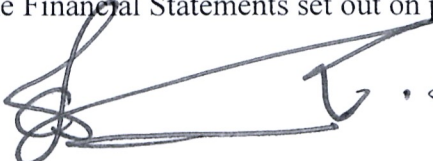
	<b>Fund Account</b>	<b>Accumulated Surplus</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 1 July 2020</b>	<b>118,518,313</b>	<b>308,681,739</b>	<b>427,200,052</b>
Surplus for the period		101,377,161	101,377,161
Prior year Adjustments		(27,594,053)	(27,594,053)
<b>At 30 June 2021</b>	<b>118,518,313</b>	<b>382,464,847</b>	<b>500,983,160</b>
<b>At 1 July 2021</b>	<b>118,518,313</b>	<b>382,464,847</b>	<b>500,983,160</b>
Deficit for the period		(70,207,926)	(70,207,926)
Prior period Adjustments		3,065,409	3,065,409
Revaluation Reserve		6,104,440	6,104,440
<b>At 31 June 2022</b>	<b>118,518,313</b>	<b>321,426,770</b>	<b>439,945,083</b>

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**16. Statement of Cash flows for the Year Ended 30 June, 2022**

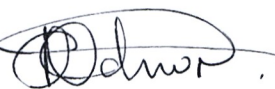
	Notes	FY 2021-2022	FY2020-2021
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other government entities	6	795,000,000	738,557,760
Prior year exchequer receivables	14	75,000,000	-
Other income	7	114,719	-
<b>Total Receipts</b>		<b>870,114,719</b>	<b>738,557,760</b>
<b>Payments</b>			
Use of goods and services		465,301,768	315,945,479
Employees costs		384,505,752	395,096,517
Remuneration to directors		32,745,797	28,316,897
Repairs and maintenance		3,866,096	4,188,183
<b>Total Payment</b>		<b>886,419,414</b>	<b>743,547,075</b>
<b>Net cash flows from operating activities</b>		<b>(16,304,694)</b>	<b>(4,989,315)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	15 & 16	(33,702,187)	(37,630,560)
Increase in non-current receivables		(30,000,000)	(43,000,000)
<b>Net cash flows used in investing activities</b>		<b>(63,702,187)</b>	<b>(80,630,560)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(80,006,882)</b>	<b>(85,619,875)</b>
Cash and cash equivalents at 1 July 2021	13	222,346,051	307,965,926
<b>Cash and cash equivalents at 30 June 2022</b>	<b>13</b>	<b>142,339,169</b>	<b>222,346,051</b>

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



**Chief Executive Officer**  
Eng. Collins Juma, MBS

Date:



**Head of Finance**  
CPA Caren Oduor  
CPAK No: 6187

Date:



**Chairman of the Board**  
Mr. Ezra Odhiambo

Date:

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**17. Statement of Comparison of Budget and Actual Amounts for the Year Ended 30 June, 2022**

	Original Budget		Adjustments		Final Budget		Actual on comparable basis		Performance Difference		% of Utilization	
	a	b	c=a+b	d	e=(c-d)	f=d/c%	KShs	KShs	KShs	KShs	KShs	KShs
<b>Revenue</b>												
Government grants and subsidies	810,000,000	-	810,000,000	795,000,000	15,000,000	98%						
Other incomes	8,000,000	71,276,042	79,276,042	75,609,025	3,667,017	95%						
<b>Total income</b>	<b>818,000,000</b>	<b>71,276,042</b>	<b>889,276,042</b>	<b>870,609,025</b>	<b>18,667,017</b>	<b>98%</b>						
<b>Expenses</b>												
Compensation of employees	420,195,800	(31,000,000)	389,195,800	385,911,321	3,284,479	99%						
Goods and services	376,254,200	72,276,042	448,530,242	463,579,345	(15,049,103)	103%						
Purchase of non-financial assets	21,550,000	-	21,550,000	57,404,437	(35,854,437)	266%						
Staff Mortgage Scheme	-	30,000,000	30,000,000	30,000,000	-	100%						
<b>Total expenditure</b>	<b>818,000,000</b>	<b>71,276,042</b>	<b>889,276,042</b>	<b>936,895,103</b>	<b>(47,619,061)</b>	<b>105%</b>						
<b>Deficit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(66,286,079)</b>	<b>-</b>							

a) The over utilization of 166% in the purchase of non-financial assets was due to accounting for work in progress from FY 2020-21 in the current financial year. Motor vehicles of **Ksh.23.7M** purchased in the previous financial year but delivered in the financial year 2021-2022 are also included in the Property, Plant, and Equipment additions.

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**NOTES ON STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

**Note 1.Reconciliation of Budget and Statement of Financial Performance**

<b>Details</b>	
<b>Expenditure as per statement of budget</b>	<b>936,895,103</b>
Add	
Depreciation Expense	20,050,243
<b>Total</b>	<b>956,945,346</b>
Less	
Acquisition of Assets	(57,404,437)
Staff Mortgage Scheme	(30,000,000)
<b>Total Expenditure as per Financial Performance</b>	<b>869,540,909</b>

**Note 2.Reconciliation of Surplus/ (Deficit)**

<b>Details</b>	<b>Kshs</b>
<b>Deficit as per Financial Performance</b>	<b>(70,207,926)</b>
Add	
Add Depreciation Expense	20,050,243
Surplus B/F	71,276,042
Less	
Acquisition of Assets	(57,404,437)
Staff Mortgage Scheme	(30,000,000)
<b>Surplus as per Statement of Budget</b>	<b>(66,286,079)</b>

## **18. Notes to the Financial Statements**

### **1. General Information**

The Nuclear Power and Energy Agency (NuPEA), formerly Kenya Nuclear Electricity Board (KNEB), is a State Corporation established under the Energy Act 2019. It is charged with the responsibility of promoting and implementing Kenya's nuclear power programme, carrying out research and development for the energy sector.

Towards attainment of its mandate, the Nuclear Power and Energy Agency shall develop policies and legislation, undertake public education and awareness, identify suitable sites for the construction of Nuclear Power Plants; carry out research, development and innovation on energy technologies as well as capacity building for the energy sector.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Agency's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Nuclear Power and Energy Agency.

The financial statements have been prepared in accordance with the Public Finance Management (PFM) Act, the State Corporations Act, Energy Act 2019 and International Public Sector Accounting Standards (IPSAS) (Accrual Basis). The accounting policies adopted have been consistently applied to all the years presented.

**3. Adoption of New and Revised Standards**

*i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.*

**1. Adoption of New and Revised Standards**

*ii. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.*

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

*iii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>

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Standard	Effective date and impact:
	The standard did not have any impact on the Agency's financial statements
<b>IPSAS 42:</b> Social Benefits	<b>Applicable: 1<sup>st</sup> January 2023</b> The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. The standard did not have any impact on the Agency's financial statements
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2023:</b> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

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**Annual Reports and Financial Statements**  
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Standard	Effective date and impact:
	The standard did not have any impact on the Agency's financial statements
Other improvements to IPSAS	<p><b><i>Applicable 1<sup>st</sup> January 2023</i></b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p> <p>The standard did not have any impact on the Agency's financial statements</p>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The standard did not have any impact on the Agency's financial statements.</p>
IPSAS 44: Non- Current Assets Held	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be</p>

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Standard	Effective date and impact:
for Sale and Discontinued Operations	<p>measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The standard did not have any impact on the Agency's financial statements.</p>

iv. ***Early adoption of standards***

The Entity did not early – adopt any new or amended standards in year 2021/2022.

**Notes to the Financial Statements (Continued)**

**4. Summary of Significant Accounting Policies**

**a) Revenue Recognition**

**i) Revenue from non-exchange transactions**

*Transfers from other government entities and International Atomic Energy Association*

Revenues from non-exchange transactions with other government entities and International Atomic Energy Association are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Agency and can be measured reliably.

**b) Budget Information**

The original budget for FY 2021-2022 was approved by the National Assembly on June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Agency. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Agency differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 5 of these financial statements.

**c) Property, Plant and Equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Agency recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**d) Intangible Assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non- exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. The Agency Intangible Assets are amortized at a rate of 10% reducing balance.

**e) Research and Development Costs**

The Agency expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Agency can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**f) Provisions**

Provisions are recognized when the Agency has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Agency expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**g) Contingent liabilities**

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**h) Nature and purpose of reserves**

The Agency creates and maintains reserves in terms of specific requirements. The reserve maintained by the Agency is capital reserve, where funds are set aside to purchase fixed assets. By setting aside a reserve, the Agency segregates funds from the general operations.

**i) Changes in accounting policies and estimates**

The Agency recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**j) Employee benefits**

**Retirement benefit plans**

The Agency provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an Agency pays fixed contributions into a separate Agency (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**k) Related parties**

The Agency regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Agency, or vice versa.

Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**l) Service concession arrangements**

The Agency analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Agency recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Agency also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**m) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**Notes to the Financial Statements (Continued)**

**Significant Judgments and Sources of Estimation Uncertainty (Continued)**

**n) Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**o) 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, 2022.

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Agency's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Agency based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Agency. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by the Agency
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- c) The nature of the processes in which the asset is deployed
- d) Availability of funding to replace the asset
- e) Changes in the market in relation to the asset

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**Notes to the Financial Statements (Continued)**

**Significant Judgments and Sources of Estimation Uncertainty (Continued)**

The assets of the Agency are depreciated on a reducing balance method. The following are the depreciation rates applied for NuPEA Property and Equipment;

<b>Asset Type</b>	<b>Depreciation Rate</b>
Motor Vehicle	25%
Office Equipment	12.5%
Furniture and Fittings	12.5%
Computers	33.3%

***Provisions***

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 17 and 18

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Assumptions were used in determining the provision gratuity payable to employees at the end of contractual period and provision for payment of directors fees upon approval by National Treasury.

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**Notes to the Financial Statements**

**6. Transfer from Other Government Entities**

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Total grant income during the Year 30 June 2022	Total transfers 2021-2022	Prior year 2020-2021
	KShs	KShs	Kshs	KShs
Ministry of energy	795,000,000	795,000,000	795,000,000	813,557,760
<b>Total</b>	<b>795,000,000</b>	<b>795,000,000</b>	<b>795,000,000</b>	<b>813,557,760</b>

**7. Other Incomes**

Description	FY 2021-2022	FY2020-2022
	Kshs	Kshs
<b>Grant from International Atomic Energy Agency</b>	<b>4,218,263.48</b>	-
<b>Interest on staff loans</b>	<b>114,719.08</b>	-
<b>Total other income</b>	<b>4,332,983</b>	-

**8. Use of goods and services**

Description	FY 2021-2022	FY2020-2021
	KShs	KShs
Telephone and internet services	4,024,583	3,812,302
Audit fees	348,000	348,000
Conferences ,seminars and workshops	26,997,818	21,753,228
Consultancy fees	23,967,248	4,838,400
Staff welfare	3,652,664	4,050,932
Water and Electricity	1,549,622	1,021,821
Office Supplies	4,839,981	3,302,879
Personal Protective Devices & Staff Uniform	2,979,950	5,172,516
Fuel and oil	3,618,362	3,618,330
Insurance	1,223,317	1,142,842
Cleaning Services	3,956,346	4,452,945
Licenses and permits	13,904,404	4,239,207
Training	14,249,958	14,237,567
Travelling expenses	15,166,476	7,939,232

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Security expenses	2,097,489	1,424,670
Rent	5,534,143	528,914
Postage	620,258	1,215,148
Printing and stationery	14,511,995	11,077,188
Bank Charges	421,332	347,625
Membership and subscriptions	2,726,082	2,743,006
Publicity and advocacy(PA)	43,876,577	68,657,875
Nuclear plant siting expenses(NPPD)	48,841,964	18,223,044
Nuclear policy Legislation(NPL)	21,431,820	10,225,756
Resource development for Nuclear power programme (RDNPP)	105,308,634	83,057,357
Research and development(RD)	37,400,822	1,640,179
Strategic Environmental and Social Assessment	20,477,608	11,908,938
<b>Total Use of goods and services</b>	<b>423,727,451</b>	<b>290,979,902</b>

**9. Employee Costs**

Description	Period ended 30 June 2022	Period ended 30 June 2021
	KShs	KShs
Salaries and wages	332,116,260	304,769,963
Gratuity	30,070,533	47,445,552
Medical Expenses	21,419,731	19,721,898
Staff Group life insurance	2,304,797	3,159,104
<b>Employee costs</b>	<b>385,911,321</b>	<b>375,096,517</b>

**10. Remuneration of Directors**

Description	FY 2021-2022	FY2020-2021
	KShs	KShs
Chairman's Honoraria	689,032	960,000
Directors fees	3,240,000	3,240,000
Directors emoluments	16,275,398	12,002,880
Traveling Expenses	14,869,589	11,356,188
Medical expenses	911,778	757,828
<b>Total director emoluments</b>	<b>35,985,797</b>	<b>28,316,897</b>

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**11. Depreciation and Amortization Expense**

<b>Description</b>	<b>FY2021-2022</b>	<b>FY2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Motor vehicle	10,624,742	3,181,623
Furniture and Fittings	3,463,905	1,234,132
Computers	1,980,700	6,314,281
Office equipment	1,703,181	864,324
Intangible assets	2,277,714	2,004,741
<b>Total depreciation and amortization</b>	<b>20,050,243</b>	<b>13,599,100</b>

**12. Repairs and Maintenance**

<b>Description</b>	<b>FY 2021-2022</b>	<b>FY 2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Building	627,579	668,380
Equipment	386,008	933,212
Vehicles	2,872,693	2,586,591
<b>Total repairs and maintenance</b>	<b>3,886,280</b>	<b>4,188,183</b>

**13. Cash and Cash Equivalents**

<b>Description</b>	<b>FY 2021-2022</b>	<b>FY 2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Current account	142,306,924	222,146,051
Cash in hand	32,245	200,000
<b>Total cash and cash equivalents</b>	<b>142,339,169</b>	<b>222,346,051</b>

**13. (a) Detailed Analysis of Cash and Cash Equivalents**

<b>a) Current account</b>		
<b>Financial institution</b>	<b>FY 2021-2022</b>	<b>FY 2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Kenya Commercial Bank	26,243,140	187,667,462
Cooperative Bank	60,902,725	7,432,701
NCBA Bank	-	47,559
National Bank	55,161,059	26,998,330
<b>Sub- total</b>	<b>142,306,924</b>	<b>222,146,051</b>

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**14. Receivables from Non-Exchange Transactions**

<b>Description</b>	<b>FY 2021-2022</b>	<b>FY 2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
<b>a)Current receivables</b>		
Exchequer Receivable	-	75,000,000
Staff Receivables	11,709,488	7,891,697
Prepayment (Rent)	-	1,825,098
Prepayments on Motor Vehicles	-	23,702,250
Deposits	4,000,000	4,000,000
<b>Total current receivables</b>	<b>15,709,488</b>	<b>112,419,045</b>

<b>b)Non-current receivables</b>	<b>KShs</b>	<b>KShs</b>
Staff Mortgage fund	239,770,000	209,770,000
Staff Car loans Fund	77,515,000	77,515,000
<b>Total non-current receivables</b>	<b>317,285,000</b>	<b>287,285,000</b>
<b>Total receivables</b>	<b>332,994,488</b>	<b>399,704,045</b>

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Notes to the Financial Statements (Continued)

15. Property, Plant and Equipment						
	Motor vehicles	Furniture and fittings	Computers	Office Equipment	Total	
Rate	25%	12.5%	33.30%	12.5%		
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2020</b>	<b>26,381,140</b>	<b>17,959,828</b>	<b>102,261,741</b>	<b>10,915,302</b>	<b>157,518,011</b>	
Additions	7,454,224	2,254,560	2,053,361	5,835,245	17,597,390	
Adjustment	(14,741)	-	-	-	(14,741)	
<b>At 30 June 2021</b>	<b>33,820,623</b>	<b>20,214,388</b>	<b>104,315,102</b>	<b>16,750,547</b>	<b>175,100,660</b>	
Additions	23,702,250	25,863,024	2,752,000	3,796,479	56,113,753	
Adjustment on Revaluation	(1,220,623)	(7,519,332)	(98,391,002)	(681,737)	(107,812,693)	
<b>At 30 June 2022</b>	<b>56,302,250</b>	<b>38,558,081</b>	<b>8,676,100</b>	<b>19,865,289</b>	<b>123,401,720</b>	
<b>Depreciation and impairment</b>						
<b>At 30 June 2020</b>	<b>15,272,165</b>	<b>7,503,547</b>	<b>79,280,536</b>	<b>5,073,306</b>	<b>107,129,554</b>	
Depreciation	3,181,623	1,234,132	6,314,281	864,324	11,594,359	
<b>At 30 June 2021</b>	<b>18,453,788</b>	<b>8,737,679</b>	<b>85,594,817</b>	<b>5,937,629</b>	<b>118,723,913</b>	
Acc Depreciation W/O	(18,453,788)	(8,737,679)	(85,594,817)	(5,937,629)	(118,723,913)	
Depreciation	10,624,742	3,463,905	1,980,700	1,703,181	17,772,528	
<b>At 30 June 2022</b>	<b>10,624,742</b>	<b>3,463,905</b>	<b>1,980,700</b>	<b>1,703,181</b>	<b>17,772,528</b>	
Net book values						
<b>At 30 June 2022</b>	<b>45,677,508</b>	<b>35,094,176</b>	<b>6,695,400</b>	<b>18,162,108</b>	<b>105,629,191</b>	
<b>At 30 June 2021</b>	<b>15,366,835</b>	<b>11,476,709</b>	<b>18,720,285</b>	<b>10,812,918</b>	<b>56,376,746</b>	

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**Notes to the Financial Statements (Continued)**

**15(b) Revaluations**

The Agency revalued its Assets effective from 1 July 2021. The revaluation was done by Otieno & Associates CPA (K) who is a private valuer.

The accumulated depreciation was eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

**16. Intangible Assets**

<b>Description</b>	<b>FY2021-2022</b>	<b>FY2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
<b>Cost</b>		
<b>At beginning of year</b>	<b>20,047,911</b>	<b>-</b>
Additions	1,290,684	20,047,911
	-	
Prior Year Adjustment	855,055	-
<b>At end of the year</b>	<b>20,483,540</b>	<b>20,047,911</b>
<b>Amortization and impairment</b>		
<b>At beginning of year</b>	<b>2,004,741</b>	<b>-</b>
Amortization	2,277,714	2,004,741
	-	
Prior Year Adjustment	1,866,564	-
<b>At end of the year</b>	<b>2,415,892</b>	<b>2,004,741</b>
<b>Net Book Value</b>	<b>18,067,649</b>	<b>18,043,170</b>

**17. Trade and Other Payables from Exchange Transactions**

<b>Description</b>	<b>FY 2021-2022</b>	<b>FY 2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Trade payables	88,334,517	132,091,464
Employee Benefit obligation	1,174,280	-
<b>Provision</b>		
Audit Accrued	1,044,000	1,200,000
Directors Fees payable	12,120,000	8,880,000
<b>Total Provision</b>	<b>13,164,000</b>	<b>10,080,000</b>
<b>Total trade and other payables</b>	<b>102,672,797</b>	<b>142,171,464</b>

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Notes to the Financial Statements (Continued)

**18. Non-current employee benefit obligation**

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Gratuity	33,515,845	53,315,388
Pension	22,896,771	-
<b>Total Non-current employee benefit obligation</b>	<b>56,412,617</b>	<b>53,315,388</b>

**19. Cash Generated from Operations**

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
<b>Surplus for the year before tax</b>	<b>(70,207,926)</b>	<b>267,742,382</b>
<b>Adjusted for:</b>		
Depreciation	20,050,243	17,519,056
Contribution to provisions	-	28,363,493
<b>Working Capital adjustments</b>		
(Increase)decrease in receivables	72,994,123	96,222,567
Increase(Decrease) in payables	(39,141,134)	19,935,804
<b>Net cash flow from operating activities</b>	<b>(16,304,695)</b>	<b>429,783,302</b>

**20. Financial Risk Management**

**i) Credit Risk**

The carrying amount of financial assets recorded in the financial statements representing the Agency's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows;

	Total Amount	Fully Performing
	Kshs	Kshs
<b>As at June 2022</b>		
Receivable from non-exchange transactions	15,709,488	15,709,488
Bank balances	142,306,924	142,306,924
<b>Total</b>	<b>158,016,412</b>	<b>158,016,412</b>
<b>As at June 2021</b>		
Receivable from non-exchange transactions	112,419,045	112,419,045
Bank balances	222,146,051	222,146,051
<b>Total</b>	<b>334,565,096</b>	<b>334,565,096</b>

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**Notes to the Financial Statements (Continued)**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and hence the Agency has not made any provision for uncollectible debts as all the credit risk is employee related.

**ii) Liquidity Risk**

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	<b>Less than 1 month</b>	<b>Between 1-3 months</b>	<b>Over 5 months</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>		<b>Kshs</b>
As at June 2022				
Trade payables	59,996,590	9,512,462	18,825,465	88,334,517
Provisions	-	3,588,000	9,576,000	13,164,000
Employee benefit obligation	1,174,280	5,180,921.0	51,231,696	57,586,897
<b>Total</b>	<b>61,170,870</b>	<b>18,281,383</b>	<b>79,633,161</b>	<b>159,085,414</b>
As at June 2021				
Trade payables	129,151,346	1,142,094	1,798,025	132,091,464
Provisions	-	3,240,000	6,840,000	10,080,000
Employee benefit obligation	8,855,884	4,338,503	40,121,001	53,315,388
<b>Total</b>	<b>138,007,230</b>	<b>8,720,597</b>	<b>48,759,026</b>	<b>195,486,852</b>

**iii) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures

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within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

The Agency has no exposure to market risks or the manner in which it manages and measures the risk since the Agency does not trade in foreign currency nor does it hold financial instruments in foreign currency.

**iv) Capital Risk**

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern. The entity capital structure comprises of the following funds

**21. Events after the Reporting Period**

There were no material adjusting and non- adjusting events after the reporting period.

**22. Ultimate and Holding Entity**

The entity is a State Corporation under the Ministry of Energy. Its ultimate parent is the Government of Kenya.

**23. Currency**

The financial statements are presented in Kenya Shillings (Kshs).

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**Appendix 1: Inter-Entity Transfers**

NUCLEAR POWER AND ENERGY AGENCY				
Break down of Transfers from the State Department of Energy				
FY 2021/2022				
a.	<b>Recurrent Grants</b>			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Financial Year</u>
		3/9/2021	96,250,000	2021/2022
		2/11/2021	96,250,000	2021/2022
		5/18/2022	55,000,000	2021/2022
		5/18/2022	96,250,000	2021/2022
		5/18/2022	45,000,000	2021/2022
		6/28/2022	100,000,000	2021/2022
		6/28/2022	96,250,000	2021/2022
		<b>Total</b>	<b>585,000,000</b>	
b.	<b>Development Grants</b>			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Financial Year</u>
		9/3/2021	77,500,000	2021/2022
		11/25/2021	100,000,000	2021/2022
		11/29/2022	32,500,000	2021/2022
		<b>Total</b>	<b>210,000,000</b>	

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

Finance Manager  
NuPEA



Sign-----

Head of Accounting Unit  
Ministry of Energy



Sign-----

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Appendix II: Recording of Transfers from other Government Entities				Where Recorded/recognized						
Name of MDA/Donor	Date received	Nature: Recurrent /Development/Others	Total amounts- KES	Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others must be specific	Total transfers during the Year	
Ministry of Energy	3/9/2021	Recurrent	96,250,000	96,250,000	-	-	-	-	96,250,000	
Ministry of Energy	2/11/2021	Recurrent	96,250,000	96,250,000	-	-	-	-	96,250,000	
Ministry of Energy	3/9/2021	Development	77,500,000	77,500,000	-	-	-	-	77,500,000	
Ministry of Energy	25/11/2021	Development	100,000,000	100,000,000	-	-	-	-	100,000,000	
Ministry of Energy	29/11/2021	Development	32,500,000	32,500,000	-	-	-	-	32,500,000	
Ministry of Energy	5/18/2022	Recurrent	55,000,000	55,000,000	-	-	-	-	55,000,000	
Ministry of Energy	5/18/2022	Recurrent	96,250,000	96,250,000	-	-	-	-	96,250,000	
Ministry of Energy	5/18/2022	Recurrent	45,000,000	45,000,000	-	-	-	-	45,000,000	
Ministry of Energy	6/28/2022	Recurrent	100,000,000	100,000,000	-	-	-	-	100,000,000	
Ministry of Energy	6/28/2022	Recurrent	96,250,000	96,250,000	-	-	-	-	96,250,000	
<b>Total</b>			<b>795,000,000</b>	<b>795,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>795,000,000</b>	