

## NEWSLETTER 6 – *Nepal's Renewable Energy – a Huge, Untapped, Regional Potential*

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On 26.01.25, SADF held a podcast hosted by Mrs. [Sushmita Chaulagain](#) with Mr. [Tim Gocher](#), who runs the [Dolma Impact Fund](#). Called ‘[Unlocking Green Investment: FDI in Nepal's Renewable Energy](#)’, the podcast can be seen as an inside scoop on the practicalities of investing in Nepal.

Meant for all investors, this information is perhaps most precious for western agents. As [Kishore Mahbubani](#) reminds us in his ‘[Has the West Lost It?](#)’, the world is changing fast, and westerners must catch up faster. For instance (p. 5), ‘between 1973 and 2015, productivity in the US rose by 73.4%, while wages rose by only 11.1%’. By contrast, [Nepal's GDP per capita rose from 113\\$ in 1975 to 1.324\\$ in 2023](#). ‘Asia is contributing 60 % to global growth, the powerhouse of the global economy’, says [Krishna Srinivasan](#), [director of the International Monetary Fund \(IMF\)'s Asia and Pacific Department](#). To which Mr. Mahbubani adds (pp.6-7) that ‘Western leaders need to do a shrewd recalculation of the new economic order and look for new opportunities for Western workers... So far, the West has failed to produce a coherent and competitive global strategy’. A strategy of global investments in areas and technologies that will shape the world's future. Such strategy would

engage with China, which has powered much of Asia's and indeed global growth. (Notably, China has an impressive track of FDI in even the most turbulent investment environments.) But the West must also engage with South Asia, which has an almost equally impressive growth track – and which presents a huge, untapped developmental potential. Countries like Nepal, Bangladesh, India are arguably most important to western agents because they also uphold democratic values and practices in their political developments.

In this context we had the pleasure of learning from Mr. Tim Gocher, who has been involved in Nepal for over 20 years – first as the head of a nonprofit organization, in the last 10 years as an investment fund. Here are three takeaways from his knowledge of the Nepalese investment environment today.

### **Three Reasons Why Nepal's Renewable Energy Holds a Huge, Untapped Potential<sup>1</sup>**

#### **1. Nepal is ready for FDI**

Nepal holds enormous potential both in hydropower (from the Himalayan powerhouse) and solar energy (with 300 days of sunshine a year). This energy potential far exceeds the nation's needs, but is absolutely crucial to Nepal's neighbors – about 600 million combined India and Bangladeshi citizens live right next and have huge energy needs which their geographies don't able to fulfil. Nepal also lacks the domestic means to make the necessary investments, which means that FDI is needed, wished for, and enabled.

Mr. Gocher also notes that Nepal is ready for FDI to come in. It has maintained political stability for nearly 20 years. In that time, much capacity building has been going on – on the economic front as well. According to Mr. Gocher, 'The domestic investment climate, particularly in the field of renewable energy, has matured dramatically, not just the developers, but the banks and the regulators and the stock exchange'. Much of the development in renewable energy has taken the form of Public-Private Partnerships (PPPs), with much success. But the whole financial, institutional and legal framework required for efficient, high-returns investments has been maturing as well. Mr. Gocher mentions that 'Nepal's first sovereign credit rating, which came in at double B minus, is very positive'; although Nepal is seen as riskier an FDI

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<sup>1</sup> This title was conceived with the help of ChatGPT (27.01.25). The chatbot can be accessed here: <https://aichatbot.co/chat/1737970638176>

recipient than India, this is increasingly not true. Nepal also enjoys high macroeconomic stability, and is scaling up its involvement with international Development Finance Institutions. For all these reasons, Nepal is ready – further, because this fact is not yet widely known, the time to invest is now.

## 2. On the environment – Nepalese Lessons

Both hydropower and solar power, two forms of energy Nepal has plenty of, are clean, cheap, and effective. They are likely to play increasing roles in the world's future energy ecosystem. Nepal can become an early player in this wave, both because it has a huge untapped potential and because it witnesses the dangers of pollution first-hand. For instance, not only do Himalayan glaciers melt in front of everyone's eyes, mountain ice also currently turns back because of coal emissions (which speed melting by 30%). As is the case with South Asia as a whole, Nepal can be seen as a lab where the formulas for tomorrow's success are being developed – with great accomplishments, which Mr. Gocher has witnessed first-hand. Western investors tend to be much more cautious with their bets than Chinese investors, and not without reason; however, not only does Nepal present huge potential, its challenges both surmountable and hold precious lessons. Mr. Gocher mentions three areas to focus on. First, the eternal bureaucratic hurdles must be eased. The Nepalese government is aware of this and hard at work, a work which informs governmental policies elsewhere. Second, crucially, Nepal presents crucial environmental challenges. Times are gone when economic development and infrastructure were built regardless of environmental impacts; the so-called Environmental and Social Governance (ESG) practices are the way of the future, in [Nepal](#) as elsewhere. Global investors must learn to comply with international standards while also benefitting local environments (the old 'Think Global, Act Local'). Again, Nepal is a perfect environment for capacity-building that can be applied elsewhere as the world continues to change. Third, global investors must work on 'river basin studies', the impact of infrastructures such as hydropower stations not only in their immediate vicinity, not even in the whole country alone, but as integrated environments within vast, interdependent areas. Mr. Gocher has been at the forefront of such learning in recent years.

## 3. Nepal, Regional Integration, and the Future

Finally, opportunities are plenty; perhaps the most promising are regional. Again, Nepal's energy potential far exceeds national needs – and

contrasts with both India and Bangladesh's huge energy needs (likely to increase) and less propitious geographies. A [first agreement](#) for Nepal to supply 'energy-hungry' Bangladesh via an Indian grid was recently signed, hopefully inaugurating a new era of regional cooperation. We can perhaps be confident that this cooperation will unfold not only because of the economic advantages it brings to all stakeholders, but for environmental reasons as well – as Mr. Gocher notes, 'The rapid melting of the glaciers affects not just Nepal, but the 600 million people in bordering Indian states and Bangladesh downstream from the glaciers and the rivers. As regional cooperation in energy management unfolds, and given the huge populations and impressive developmental tracks involved, Nepal (and those who invest in Nepalese infrastructure) are likely to become very busy.'

For again, Nepalese energy production, in hydropower but even far more in the form of solar energy, currently stands much below its potential. Not only are the political and economic environments stabilizing, both the demand and the prospects for future production are astounding. Mr. Gocher notes that the Alternative Investment Fund of Nepal 'reported 0.07 billion in FDI in 2023, which is a 12.8% increase from 2022. However, there's still a need to increment to meet the 46.5-billion energy roadmap set by the government, to be met by 2035.'