

A plea for action following the catastrophe in Nepal

By all means, build back stronger, but we also need to switch off the soot, argues **Tim Gocher**

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In 2017, I argued in an article in *Environmental Finance* that more foreign direct investment and blended capital in Himalayan clean energy could "reduce the melt, and save lives".

On the morning of 26 August, the bill for inaction tragically arrived, after part of the glacier on Langtang Lirung mountain in Nepal collapsed. The avalanche registered as a magnitude 5.2 seismic event and sent a wall of ice, rock and water 72 kilometres down the Bhotekoshi and Trishuli rivers. More than 1,400 people are confirmed dead and over 6,000 are missing as I

write.¹ Fifteen hydropower plants were hit; roughly a tenth of Nepal's generating capacity gone in a morning.²

The government's early estimate of the cost is \$4 billion to \$7 billion.³



Tim Gocher

Founder and CEO, Dolma Fund Management

I run Dolma Fund Management. Our two funds hold \$108.6 million across fifteen Nepali companies in renewable energy, healthcare and technology, with \$249 million mobilised alongside IFC, BII, FMO, DFC, JICA and Swedfund.⁴ Renewables are at the core of it: some 182 MW of hydro and solar, commissioned and under development, 68.5 MW operating today.

Our private sector assets and teams came through the floods untouched. Our charity, Dolma Foundation, did not. It works in Rasuwa, the district my wife is from. We lost friends. We lost students.

Climate finance cannot claim surprise. The International Centre for Integrated Mountain Development (ICIMOD) reported in 2023 that the Himalayan glaciers of the Hindu Kush mountain range disappeared 65% faster in the 2010s than in the decade before, with 1.65 billion people downstream dependent on their rivers.⁵

Attribution of the collapse will take time; early commentary points to climate change as likely contributor.⁶ It happened four weeks ago. It will happen again.

The response has been brave and broadly right: early warning, more resilient siting, stronger bridges. I support all of it. But adaptation treats the symptom. Not enough is said about slowing the melt itself.

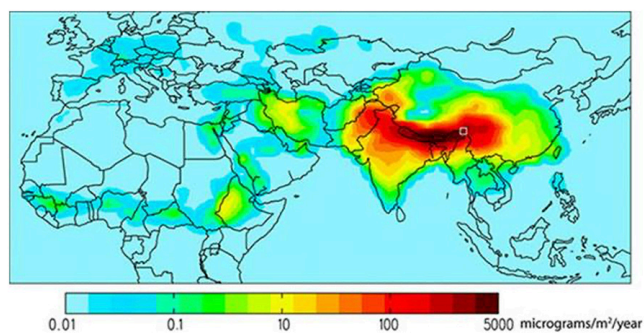
Two forces act on the ice. Global warming drives the long-term retreat. Black carbon – soot that settles and darkens the snow and absorbs more heat – is regional, faster and fixable within years.

ICIMOD puts it at roughly 28% of glacier melt across the region; its newest assessment, days after the flood, says about a third.⁷

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Carbon dioxide lingers for a century. Soot falls out of the sky in days, and one winter's clean snowfall covers the deposits. Stop emitting it and the glaciers respond within a season.

The soot comes, first, from coal: the Indo-Gangetic plain hosts the Singrauli belt in Uttar Pradesh, nine stations totalling some 21,000 MW, including NTPC's 3,000 MW Rihand plant, burning high-ash coal in one of India's most polluted districts.⁸ Then brick kilns, blamed for 32% to 42% of the man-made black carbon reaching the mountains.⁷ Then wood and dung in homes the grid has not reached, diesel, and crop fires. ICIMOD-backed analysis says existing measures could be deployed to cut soot emissions 80% by 2030.⁹



Black carbon deposition, micrograms per square metre per year. The darkest band lies over the Himalaya and the Indo-Gangetic plain. Source: UNEP and WMO, Integrated Assessment of Black Carbon and Tropospheric Ozone, Summary for Decision Makers.

The cleanest fix sits next door. Nepal has roughly 40 GW of viable hydropower and the offtake to match: India signed for 10,000 MW of imports in January 2024, and exports to Bangladesh began in November 2024, 40 MW today with an ambition of 5,000.¹⁰ Delivering that needs some \$46 billion, far beyond domestic capital.¹¹

Every megawatt exported across the border displaces coal in the corridor that blackens the glaciers. Every village electrified stops burning wood and dung. And demand follows supply: about three in four new cars sold in Nepal are electric, second only to Norway.¹²

Nor is Nepal an act of faith. The Nepal Electricity Authority (NEA), the sole offtaker, has never had an event of default on a power purchase agreement since the first private plants began selling to it in the early 1990s.¹³ The 570-plus members of IPPAN, the Independent Power Producers' Association, built the majority of installed capacity and took the country from eighteen-hour power cuts to having power to export.¹⁴ Since 2024 the sovereign has carried a Fitch credit rating of BB minus, stable, affirmed, level with Bangladesh.¹⁵

Our fund investments say the same. We backed Solar Farm Pvt Ltd, the first private company to sign a solar power purchase agreement with the NEA,¹⁶ and listed two hydropower companies on the Nepal Stock Exchange. We completed the exit from the first of them, Makar Jitumaya Suri, earlier this year: our entire 34.3% holding sold into the domestic market in 31 trading days, returning three times cost gross, on money first committed in 2016.¹⁷ Unhedged, unguaranteed, unsubsidised, through a decade in which the rupee lost nearly 30% against the dollar.

Frontier investors are told there is no exit route. That one was a local stock exchange.

Honesty cuts the other way. Among the wreckage is Upper Trishuli-1, a \$647 million project backed by IFC and the Asian Development Bank, 84% complete, its upper dam 90% destroyed.¹⁸

Some will call that proof the lenders should never have come. I call it proof of what underwriting must now include. Ours already run to IFC Performance Standards.

Mountain hazards belong inside environmental and social due diligence as standard, before close and through construction. They should include satellite monitoring of the glacial lakes and hanging ice above each site; modelling of outburst floods, avalanche run-out and the landslide dams and sediment surges that follow; transboundary early warning systems; and locating powerhouses underground and switchyards above the flood line; with insurance priced to match.¹⁹

Engineers price the resilience premium at 10% to 12% of project costs; against \$4 to 7 billion of losses, that would make it the cheapest line in the budget.

Organisations such as MIGA, TCX, PIDG, the FCDO-backed Green Guarantee Company, exist for exactly this purpose. But the argument no longer rests on them. Nepal needs foreign direct investment, and it has earned its place in this sector.

There is structuring to do, there are enhancements lenders will rightly ask of power purchase agreements, and there is a government willing to discuss them. None of that is a reason to wait.

No one can promise the mountains will be safe. But we can stop making them more dangerous every year, at a price the region can afford. Nine years ago this was a warning. It is now a casualty list. What it becomes next is a choice.

Tim Gocher OBE is founder and CEO of Dolma Fund Management, manager of the Dolma Impact Funds, Nepal's first international private equity funds. His article 'High altitude returns' appeared in Environmental Finance in November 2017.

Notes and sources

1. Government of Nepal / NDRRMA situation reporting, September 2026. Update figures on publication day.
2. NEA and NDRRMA damage reports; BBC and AP, August to September 2026.
3. Government of Nepal preliminary estimate, September 2026.
4. Dolma Fund Management, 2026.
5. ICIMOD, HI-WISE assessment, 2023.
6. USGS seismic analysis; scientific commentary via Reuters and the BBC, August 2026.
7. ICIMOD, 2020 (c.28 per cent); ICIMOD and GB Pant NIHE, September 2026 (c. one third; kilns 32 to 42 per cent).
8. NTPC; Central Pollution Control Board CEPI; CSE analysis of the Singrauli-Sonbhadra cluster.
9. Clean Air Fund with ICIMOD, 2025.
10. Nepal-India Joint Commission, January 2024; NEA-BPDB-NVVN tripartite agreement, October 2024; exports began 15 November 2024.
11. NEA and Dolma analysis of investment required for contracted and prospective exports.
12. Ember and IEA data for 2025; Nepal Department of Customs, FY 2025/26.
13. Nepal Electricity Authority payment record since the first IPP power purchase agreements of the early 1990s; see also Gocher, Environmental Finance, November 2017.
14. IPPAN, 2026 (established 2001; 572 member companies).
15. Fitch Ratings: first sovereign rating assigned 21 November 2024, BB-Stable; affirmed November 2025 and 2026.
16. NEA; Radio Nepal, September 2021.
17. Dolma Impact Fund I: 2,605,900 MAKAR shares (34.3 per cent of the company) sold via NMB Capital on the Nepal Stock Exchange, 14 July to 25 August 2026, 42 calendar days, 31 trading days, 22 trading sessions. Cost \$2,318,728, first subscription 2016; gross proceeds \$7,009,337, a gross multiple of 3.02x. Stated gross of Nepali capital gains tax, selling costs, fund-level fees and carried interest. NPR/USD c.106 in March 2016 against c.150 in August 2026.
18. Lender and contractor disclosures; press reporting, September 2026.
19. Post-flood engineering assessments reported by Mongabay and Nepali energy officials, September 2026.