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Linking Himalayas and Great Lakes: Nepal-Uganda Future Prospects

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Abstract

After decades of indirect engagement in various multilateral forums, Federal Democratic Republic of Nepal and Republic of Uganda formally established diplomatic relations on June 12, 2017, through a joint communiqué signed at the United Nations (UN) in New York. Though, the two nations have been long engaged through various international platforms like Non-Aligned Movement (NAM) and the Group of 77 (G77), it's high time to review the need of Nepal to engage with African nations also due to increasing Nepali migrant workers outflow to the region.

This policy brief examines the evolution, present dynamics, and challenges of Nepal-Uganda relations, offering policy directions for strengthening trade diversification, examining new areas of cooperation, and fostering development partnerships in areas such as tourism, renewable energy, and agricultural products including coffee. It also evaluates the historical genesis, current economic and diplomatic state, and the future trajectory of Nepal-Uganda relations, emphasizing the shift from symbolic multilateralism to functional bilateralism.

Introduction

The formal diplomatic relationship between Nepal and Uganda – officially established on June 12, 2017, through the signing of a joint communiqué at the UN in New York¹ – is the culmination of decades of indirect engagements within the Non-Aligned Movement (NAM) and the Group of 77 (G-77), where both nations sought to preserve their sovereignty amidst the pressures of Cold War and post-Cold War geopolitics.²

Nepal's diplomatic interests in Uganda comes under the jurisdiction of the Embassy of Nepal in Cairo, Egypt³, while Uganda's relations with Nepal are managed through the High Commission of Uganda in New Delhi, India⁴. In 2025, Uganda has appointed the Honorary Consul to Nepal highlighting the bilateral relations, though the Mission of Uganda in New Delhi – who looks after Nepal, Bangladesh, Maldives, Sri Lanka, Singapore – is the non-resident ambassador to Nepal also.

The establishment of the Honorary Consul to Nepal is expected to help effective formal communications and visa processing for official delegations, and also facilitate people-to-people ties and the prompt resolution of trade logistics, despite of the distance between Nepal and Uganda. Nepal's Ministry of Foreign Affairs (MoFA) has recently highlighted the need to

¹ Diplomatic relations between Nepal and Uganda as of 12 June 2017, <https://digitallibrary.un.org/record/1293674>

² Press Release issued by Permanent Mission of Nepal to the United Nations, New York regarding establishment of Diplomatic Relations between Nepal and Uganda | Ministry Of Foreign Affairs, <https://mofa.gov.np/content/814/press-release0165494984700/>

³ Nepali Missions with Concurrent Accreditation - Ministry Of Foreign Affairs, <https://mofa.gov.np/pages/concurrent-accreditation-20/>

⁴ High Commission of the Republic of Uganda, New Delhi, India, <https://newdelhi.mofa.go.ug/basic-page/about-high-commission>

re-evaluate concurrent accreditations based on geographical proximity and the rising volume of Nepali migrant workers in African regions, suggesting a potential future reshuffling of these assignments.⁵

In recent years, the way countries work around the world is changing. More and more countries, especially developing countries, are working with each other in a way called South-South cooperation, to help each other. The relationship between Nepal and Uganda is, therefore, an example of how geographically distant countries can come together for mutual benefit, if they have will.

The 19th Summit of the Non-Aligned Movement (NAM), held in Kampala in January 2024, served as a key platform for bilateral relation revitalization between Nepal and Uganda.⁶ The visit of Nepal's Prime Minister Pushpa Kamal Dahal, accompanied by Foreign Minister Narayan Prakash Saud and Foreign Secretary Sewa Lamsal, represented the highest-level engagement between the two nations since the establishment of ties in 2017.⁷

Under the theme 'Deepening Cooperation for Shared Global Affluence,' the Kampala Summit provided a platform for both Nepal and Uganda to align their postures on global governance.⁸ Nepal's delegation underscored the continued relevance of NAM principles; national sovereignty, territorial integrity, and peaceful settlement of disputes; as pragmatic pathways for navigating modern geopolitical polarization. During the summit, Prime Minister Dahal also met with Ugandan President Yoweri Museveni. The 2024 Kampala visit of Nepal's high level delegation has set the stage; however, the challenge for the coming years is to translate this diplomatic momentum into a sustainable and diversified economic reality.

Bilateral Economic and Trade Dynamics

The economic relationship between Nepal and Uganda is currently low, which also means there is huge growth potential. As both nations face the 'double jeopardy' of being landlocked and developing, the cost of trade is highly affected by the logistics performance of their transit neighbors.

According to 2024 estimation, Uganda possesses a larger gross domestic product (GDP), whereas Nepal maintains a slightly higher GDP per capita, indicating different stages of industrial and service sector maturation. Uganda has a GDP (Current USD) of US\$53.9 billion⁹,

⁵ Kosh Raj Koirala, MoFA to review accreditations of Nepalese envoys abroad, Centre for the Study of Labour and Mobility, <https://ceslam.org/news-media/mofa-to-review-accreditations-of-nepalese-envoys-abroad/>

⁶ NON-ALIGNED MOVEMENT (NAM) - Uganda Chairmanship, <https://nam.go.ug/>

⁷ Prime Minister Dahal heads to Uganda for 19th NAM Summit, focus on global cooperation and bilateral meetings, Ratopati, <https://english.ratopati.com/story/31667>

⁸ Pushpa Kamal Dahal, Deepening cooperation for shared global affluence, NepalKhabar, <https://en.nepalkhabar.com/news/detail/8004/>

⁹ GDP (current US\$) – Uganda, World Bank Group, <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=UG>

whereas Nepal has US\$42.9 billion¹⁰ GDP only. Likewise, Uganda has US\$1077.9 GDP per Capita¹¹, while Nepal has little more at US\$ 1447.3¹².

The trade data reveals a trade balance in favor of Uganda, primarily driven by agricultural exports. Uganda's exports to Nepal have faced a slight annualized decrease of 1.88% over the last five years, while Nepal's exports to Uganda have declined more significantly at an annualized rate of 7.73%.¹³

According to the data from the Observatory of Economic Complexity, Uganda exported approximately \$335,000 goods to Nepal in 2024.¹⁴ The composition of these exports is highly concentrated:

- **Tropical Fruits:** \$334,000 (accounting for over 99% of total export value).
- **Other Fruits and Nuts:** Negligible amounts totaling less than \$1,000.
- **Historical Trends:** Previous years showed trade in edible vegetables (\$26k in 2023) and coffee/tea (\$36k in 2023), indicating fluctuating demand and supply chain stability.

Nepal exported approximately \$97,100 to Uganda in 2024.¹⁵ This represents a shift toward more manufactured and value-added goods:

- **Packaged Medicaments:** \$95,500 (comprising 98% of total export value).
- **Printed Materials (Brochures):** \$675.
- **Textiles (Knit Garments):** \$280.

Going through the data of exports from Nepal, pharmaceutical exports to Uganda looks promising significant. It suggests that Nepal's pharmaceutical manufacturing sector – one of its most successful domestic industries – is beginning to find a niche market in East Africa, likely filling a gap for affordable generic medications. Conversely, Uganda's export of tropical fruits to Nepal capitalizes on the diverse climatic zones of the East African plateau, providing products that are not domestically abundant in the Himalayan region.

However, the primary impediment to expanding bilateral trade is the high cost of trade logistic. As landlocked nations, both Nepal and Uganda suffer from a lack of direct maritime access, forcing a reliance on the port infrastructure and also political stability of neighboring states. Over 95% of Nepal's trade passes through Indian ports like Kolkata, Haldia, and Visakhapatnam, whereas Uganda depends on the Port of Mombasa (Kenya) and Dar es Salaam

¹⁰ GDP (current US\$) – Nepal, World Bank Group, <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=NP>

¹¹ GDP per capita (current US\$) – Uganda, World Bank Group, <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=UG>

¹² GDP per capita (current US\$) – Nepal, World Bank Group, <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=NP>

¹³ Uganda (UGA) and Nepal (NPL) Trade, The Observatory of Economic Complexity, <https://oec.world/en/profile/bilateral-country/uga/partner/npl>

¹⁴ Ibid

¹⁵ Ibid

(Tanzania).

The dependency on trade route for both the countries not only increases the trade cost but also makes the smooth trade a bottleneck. In addition, the shortage of modern temperature-controlled facilities for perishables, beyond the limited cold storage available for agricultural exports, contributes to significant post-harvest losses. Furthermore, lengthy customs procedures and bureaucratic complexities, despite ongoing digital reforms such as ASYCUDA¹⁶, continue to discourage trade and reduce business interest.

The absence of a direct air link further complicates the trade of high-value, perishable goods like Ugandan fruits or Nepali medicaments. Most goods and passengers currently transit through Middle Eastern hubs of Doha, Dubai, or Istanbul. Uganda has aggressively pursued new Bilateral Air Services Agreements (BASAs) in 2025 and signed Memoranda of Understanding (MOUs) with six countries.¹⁷ Nepal and Uganda has yet to initiate bilateral talks for a direct air corridor.

Apart from trade in goods, there is huge potential for cooperation in Energy, Agriculture, and Human Resources sectors. While trade in goods is the most visible economic indicator, the future of Nepal-Uganda relations lies in the exchange of institutional knowledge and technical expertise. Nepal currently is doing well in hydropower generation and Uganda is expertizing in agriculture sector. Thus the future collaboration between Nepal and Uganda could be on knowledge and expert sharing in hydropower and agriculture sectors, because Nepal is rapidly positioning itself as a regional center of excellence for sustainable hydropower, with a goal of exporting surplus energy to the wider South Asian market. This ambition is supported by new international partnerships, including the MoU between the World Bank and the Asian Development Bank (ADB) signed in December 2023 to coordinate the financing of large-scale projects like Upper Arun,¹⁸ and Nepal's Energy Trade Agreement with India, signed in 2024¹⁹. Nepal is exporting 10,000 MW to India, apart from exporting energy to Bangladesh, according to the agreement.

At the same time, Uganda has also prioritized energy infrastructure, revamping old facilities and investing in new hydropower projects to drive industrialization,²⁰ which could fuel economic goal. Thus, there is a latent opportunity for a 'South-South Hydro-Alliance' where Nepali engineers, experienced in high-head micro-hydro systems suitable for remote

¹⁶ ASYCUDA Single Window | UN Trade and Development (UNCTAD). (2024). UN Trade and Development (UNCTAD). <https://unctad.org/isar/annual-report-2021/asycuda>

¹⁷ Uganda Concludes Successful Bilateral Air Services Negotiations at ICAN2025, Uganda Civil Aviation Authority, <https://caa.go.ug/uganda-concludes-successful-bilateral-air-services-negotiations-at-ican2025/>

¹⁸ World Bank and Asian Development Bank Join Forces for Sustainable Development of Nepal's Hydropower Sector, World Bank Group, <https://www.worldbank.org/en/news/press-release/2023/12/06/world-bank-and-asian-development-bank-join-forces-for-sustainable-development-of-nepal-s-hydropower-sector>

¹⁹ India, Nepal Sign Long-term Power Trade Deal, South Asia Subregional Economic Cooperation, <https://www.sasec.asia/index.php?page=news&nid=1565&url=ind-nep-sign-long-term-energy-deal>

²⁰ The World Bank, Celebrating 50 Years Of Development Partnership, <https://documents1.worldbank.org/curated/en/276451468115449503/pdf/832720WP0World0Box0382083B00PUBLIC0.pdf>

mountainous terrain, can consult on similar rural electrification projects in Uganda’s Rwenzori or Elgon regions.

Agriculture employs the majority of the workforce in Uganda – over 70%²¹ and around 66% in Nepal²². However, climate change poses a systemic threat to agriculture through erratic rainfall and temperature fluctuations.

Migration Link

One of the reasons that Nepal and Uganda entered into formal diplomatic ties is also rising Nepali migrant workers in the East African region. Labor migration is a defining feature of Nepal’s socio-economic landscape, with remittances accounting to around 26% compared to the GDP.²³ While the primary destinations for Nepali workers remain the GCC countries, Malaysia, and India, Africa is lately emerging as a stable niche destination for skilled and semi-skilled professionals.

During his 2024 visit, Prime Minister Dahal met with the Nepali diaspora community in Uganda, which currently numbers around 350 individuals.²⁴ This community differs from the low-skilled labor migration typically seen in the Middle East; Nepalis in Uganda are primarily engaged in construction and infrastructure like engineering and project management; hospitality and trade like restaurant management and consumer goods distribution; and health and education like skilled medical professionals and technical trainers.

The Non-Resident Nepalis Association (NRNA) chapter in Uganda was established in 2023. The chapter provides a formal structure for these individuals to act as ‘non-residential ambassadors,’ facilitating investment and building Nepal’s reputation in the East African market.

Thus, the increasing Diaspora community in the Eastern Africa can also be engaged in strengthening the role of diaspora networks in providing capital and knowledge for agribusiness investments.

The period between 2025 and 2030 is going to be critical for not only the global powers but also for Nepal-Uganda bilateral trajectory. Two major economic shifts will redefine the partnership between our two countries: Uganda’s entry into the global oil market and Nepal’s graduation from LDC status.

Uganda is positioned to become a significant oil exporter, with proven reserves of 6.5 billion barrels and commercial production expected to reach 246,000 barrels per day by 2027. This

²¹ Uganda at a Glance, Food and Agriculture Organization in Uganda, <https://www.fao.org/uganda/our-office/uganda-at-a-glance/en#:~:text=>

²² Nepal at a Glance, Food and Agriculture Organization in Nepal, <https://www.fao.org/nepal/our-office/nepal-at-a-glance/en?>

²³ The World Bank, Personal remittances, received (% of GDP) – Nepal, <https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS?locations=NP>

²⁴ PM interacts with Nepalis in Uganda, The Rising Nepal, <https://risingnepaldaily.com/news/37806>

development is projected to push Uganda's GDP growth into double digits, reaching 10.8% in the 2025-2026 fiscal year.²⁵ For Nepal, this presents an opportunity to engage with a partner that will have significantly higher capital for international investment and a burgeoning demand for diverse consumer and industrial goods.

Nepal was earlier scheduled to graduate from the LDC category by November, 2026. However, the incumbent government has recently deferred the graduation for the third time. Thus, Nepal needs to prepare itself, in the meantime, for graduation by shifting away from non-reciprocal trade preferences in European markets toward a more robust network of bilateral trade agreements within the Global South. Strengthening ties with Uganda and, by extension, the East African Community (EAC), could provide Nepal with a foothold in one of the world's fastest-growing regional markets.

Recommendations

To realize the full potential of Nepal-Uganda bilateral relations, the following strategic initiatives should be addressed;

1. **Direct Air Connectivity:** Its high time, Nepal and Uganda start a feasibility study for a bilateral air service agreement (ASA) to reduce reliance on third-country hubs for not only goods movement but also movement of human. This is essential for the growth of both tourism and high-value trade in pharmaceuticals and agricultural products. The tourist arrivals data of Nepal Tourism Board reflects that the African tourists contribute to around 0.4 percent of total tourist arrivals to Nepal. And recently, Nepalis are also one of the avid travelers to many countries.
2. **Joint Working Group on LDC/LLDC Advocacy:** Though Nepal has deferred the graduation from LDC, it has to prepare for the graduation. Thus, formalization of technical working group to coordinate positions in the UN and World Trade Organization (WTO) regarding transit rights for landlocked states and the sustainability of LDC graduation processes is important for the future cooperation.
3. **Agriculture and Energy Knowledge Transfer:** Nepal and Uganda can launch a pilot project for 'Himalaya-to-Nile' agricultural research, focusing on climate-resilient seeds and hydropower, especially micro-hydropower development, funded through South-South or triangular cooperation models.
4. **Coffee Diplomacy:** As of late 2025, Uganda is the top coffee exporter in Africa, with exports reaching 8.4 million bags, valued at \$2.4 billion, largely overtaking Ethiopia's, according to reports on Uganda Invest.²⁶ Uganda produces both Robusta (roughly 80%)

²⁵ Uganda Export Data Analysis: Trends, Destinations, and Strategic Insights, Import Globals, <https://www.importglobals.com/blog/uganda-export-data-analysis-trends-destinations-and-strategic-insights>

²⁶ David Rupiny, Uganda now leading coffee exporter in Africa, <https://ugandainvest.go.ug/author/drupiny/>

and Arabica (roughly 20%) coffee.²⁷ Nepal has a growing coffee culture. Nepal also produces coffee but the growing domestic demand has forced Nepal to import coffee. However, Nepal also exports its high value coffee. According to Nepal Tea and Coffee Development Board data, Nepal in the fiscal year 2024-25, imported 203,326kg of coffee, while exported 63,998kg of coffee.²⁸ Thus, among agriculture products also, coffee could play a stronger role in our trade growth.

5. **Mutual Accreditation and Professional Standards:** When goods and human start movement from one country to other, the countries must facilitate the movement of both, skilled labor and quality goods. Both countries should work toward the mutual certification of agriculture products, and recognition of professional certifications especially in the fields like engineering and medicine.

The Nepal-Uganda relationship, while nascent, is built on a foundation of mutual trust and shared challenges. By moving beyond the symbolism of multilateral summits and investing in functional, sector-specific cooperation, both nations can build a resilient partnership that serves as a model for South-South collaboration in the modern history.

²⁷ Coffee Sub-Sector Strategy (2020/21 – 2024/25). Uganda Coffee Development Authority, <https://ugandacoffee.go.ug/sites/default/files/2023-06/Coffee%20Sub-Sector%20Strategy%20FY%202020-2021%20to%202024-2025.pdf>

²⁸ National Tea and Coffee Development Board, Government of Nepal, <https://www.teacoffee.gov.np/pages/coffee-statistics-17/>

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