

To: President Abdel Fattah el-Sisi
From: Dominik Kulusic, Chief of Staff to President
Subject: Recommendation to resolve Renaissance Dam dispute through mediation
Date: August 1st 2019

I am writing to you in reaction to the decision of Egyptian officials to suspend negotiations within the trilateral committee with Ethiopia and Sudan concerning the timeframe of the filling process of the Grand Ethiopian Renaissance Dam (GERD) reservoir. I recommend that Egypt rejoin the trilateral committee and use mediation to resolve the conflict with Ethiopia surrounding the GERD construction project.

Background

The division of Nile water rights between upstream and downstream nations has been a profoundly contested geopolitical issue for the past century. Countries along the Nile are faced with rapidly growing populations and increasing drought periods due to climate change which has created higher levels of water stress. Few countries on earth are as dependent on a single river for its freshwater supply than Egypt. As the most downstream nation along the Nile basin, Egypt relies on the Nile for 90% of its freshwater supply and 99% of Egyptians reside along the riverbanks. The Nile constitutes the lifeline of Egypt which explains why Egyptian officials have reacted with extreme hostility to any attempts of upstream nations to alter the allocation of Nile water rights.

Ethiopia is another country situated along the Nile which is highly dependent on the river. As one of the poorest nations in Africa, Ethiopia sees the Nile as a source of opportunity for economic development. The GERD is one of the most ambitious infrastructure development projects in Ethiopian history. Upon its completion, the GERD will be the biggest hydroelectric power dam in Africa. The construction of the GERD greatly stimulated the Ethiopian economy by attracting foreign investments and creating employment opportunities. The GERD will provide millions of Ethiopians with access to electricity and Ethiopian officials perceive the GERD as a crucial contributing factor to economic and social development.

The constructions on the GERD began in 2011 under heavy protests from Egyptian officials. In the early stages of the GERD construction project, Egypt employed a number of strategies to prevent the dam from being completed. Among other measures, Egypt tried to put economic pressure on Ethiopia, consulted the Arab League and World Bank for assistance and threatened to mobilize its military to attack the GERD construction site. Ethiopia defied all attempts by Egypt to stop the construction of GERD and plans to finish the project by 2022. In reaction to this Egypt changed its strategy and objectives accordingly. Egypt, Ethiopia, and Sudan formed a trilateral committee assessing the effects of the GERD on downstream nations. The most important point of contention is the speed of the filling process of the GERD reservoir. Egypt

wants the reservoir to be filled over the course of 15 years in order to minimize the effects on its water supply, while Ethiopia prefers a filling process of only three years to be able to generate electricity for its population as fast as possible. Several rounds of negotiations failed to produce satisfactory results for all parties involved and Egyptian officials walked away from the trilateral committee after no agreement concerning the filling process of the GERD could be reached. After negotiations collapsed multiple times it is now time for Egyptian officials to adjust their negotiation strategy to reach a peaceful resolution to the GERD conflict. In the following, I will outline why I recommend that Egypt returns to the trilateral committee and make use of mediation strategies to find a satisfactory solution to the conflict described above.

Stakeholders & Interests

The construction of the GERD constitutes one of the biggest infrastructure projects in Ethiopian history. The project is multifaceted and impacts governments, institutions, organizations, and communities. This leads to a number of geopolitical, economic, social and environmental ramifications. Consequently, there is a considerable number of diverse stakeholders with divergent interests, resulting in a complex environment for mediation and conflict resolution. While the number of potential stakeholders is much higher, the following list presents an overview of the most important actors and diverse interests related to the GERD construction.

- 1. Egyptian Government:** Being a staunch opponent of any GERD construction plans, the Egyptian government's current main objective is to ensure a slow and gradual filling process of at least 15 years. If this objective is met the Egyptian government can minimize the effect of the reservoir filling and secure sufficient freshwater supply for its growing and increasingly water-stressed population. Stakes for Egypt are high since outcome of negotiations will set precedence for future upstream projects making it crucial for Egypt to receive favorable terms in the negotiations. After several rounds of negotiations failed to produce satisfactory results it is now the last chance for Egyptian officials to return to the negotiating table and resolve the conflict peacefully.
- 2. Ethiopian Government:** The Ethiopian government follows both short and long-term goals and sees the GERD as a pivotal factor in attaining its goals. In the short-term Ethiopia seeks to provide its impoverished population with much-needed energy supply, as 73% of Ethiopians still lack access to electricity. The GERD and future hydroelectric construction projects are seen as direly needed employment opportunities for its rapidly increasing population. In the long-term Ethiopia plans to become Africa's powerhouse by building additional dams and exporting electricity to neighboring countries.
- 3. Sudanese Government:** While Sudan is another downstream nation along the Nile, it draws a majority of its freshwater supply from the White Nile as opposed to the Blue Nile tributary on which the GERD has been constructed. The Sudanese Government has been acting as a mediator between Ethiopia and Egypt, seeking to facilitate the resumption of trilateral talks after negotiations failed. As a downstream nation itself, Sudan recognizes Egyptian concerns over the securing of freshwater supplies. However, Sudan has utilized the GERD construction as an opportunity to challenge Egypt's hegemonic position over the Nile water rights.
- 4. Ethiopian Metal & Engineering Corporation (METEC):** Ethiopian military-run METEC and the Italian construction company Salini-Impregilo are responsible for the construction and electro-mechanical work on the GERD. Both organizations have a vested interest in the timely and uninterrupted completion of the GERD project and are strong advocates for the construction of additional dams along the 21 rivers originating

in Ethiopia. Since Ethiopia is currently utilizing only three percent of its hydropower potential METEC sees this as an important opportunity for future investments and construction opportunities.

5. **Egyptian farmers:** A quarter of the Egyptian population is employed in the agricultural sector. Farmers have experienced increasing hardships in the past decade, as climate change is putting additional pressure on an already highly water-stressed environment. Egyptian rice farmers now face restrictions on the amount of rice they are permitted to grow, because the crops are extremely water intensive. A filling process of the GERD reservoir of three years would result in a loss of up to 50% of Egyptian farmland, devastating the livelihoods of farmers and threatening the countries food supply.
6. **Gumuz & Berta communities:** The Gumuz and Berta are indigenous people groups previously situated in the Ethiopian highlands. The Ethiopian government employed a top-down decision-making process during the conceptualization of GERD construction plans and excluded affected communities from the planning process. As a result, the Gumuz and Berta communities needed to be relocated while their fishing, hunting and gathering grounds were destroyed in the GERD construction process. If the Ethiopian government continues with its top-down decision-making process, future hydroelectric construction projects along the Nile will pose a threat to additional indigenous people groups. Including representatives of indigenous people groups in the mediation process will help to protect their interests in future dam projects.
7. **Ethiopian Environmental Protection Agency (EPA):** The GERD construction site, situated in the Benishangul-Gumuz region, is one of the few remaining forested areas in Ethiopia. It is habitat to a multitude of endangered species and the EPA has repeatedly expressed its concerns concerning the survival chances of the species when GERD construction plans were first made public. While there are conservation and migration efforts currently underway a fast flooding process of the GERD reservoir would result in widespread loss of endangered flora and fauna. The EPA is, therefore, a strong advocate for a slow and gradual filling process of the reservoir and would like to be included in the mediation process to set environmental protection standards for future dam projects.

Benefits of conflict resolution through mediation

There is a multitude of reasons why I recommend that Egyptian officials return to the trilateral committee and join Ethiopia and Sudan in finding a solution to the distribution of water rights through mediation.

1. **Failure of position-based bargaining:** In the past, both Egypt and Ethiopia have engaged in position-based bargaining. While Egypt first insisted on the termination of GERD construction, it now demands a slow and gradual filling process of the reservoir. Ethiopia saw no alternative to GERD construction and insists on a fast filling procedure. This positional-bargaining strategy failed to take into account the underlying interests of the two parties and did not produce viable solutions to the conflict.
2. **Opportunity for interest-based bargaining:** Egyptian officials need to consider that Ethiopia and Egypt have divergent interests and use this opportunity for interest-based bargaining. Egypt frames the problem as an issue of freshwater supply, whereas Ethiopia frames the problem as an issue of electricity supply. This means that GERD negotiations are not a zero-sum game and that mediation provides an opportunity for

creative problem solving producing a solution that is satisfactory for both Egypt and Ethiopia.

3. **High time pressure to secure an agreement:** The GERD construction is scheduled to be completed by 2022 after which Ethiopia plans to initiate the filling process of the reservoir. As a consequence, Egypt is running out of time to find a peaceful solution to the GERD conflict. Reentering the trilateral committee with Sudan and Ethiopia might be the last chance for Egyptian officials to find a satisfactory solution.
4. **Previous Egyptian conduct impeded negotiations:** Past behavior of Egyptian officials during negotiations have eroded trust between the countries within the trilateral committee. Egypt has walked away from negotiations several times and went as far as threatening military action against Ethiopia. In order to rebuild trust with its negotiation partners, Egypt needs to show a willingness to produce a peaceful resolution to the GERD conflict through a mediated negotiation process.
5. **Need to establish precedence for future negotiations:** Ethiopia has repeatedly acknowledged that it plans to construct further hydroelectric dams along the Nile. It is of utmost urgency for Egyptian officials to secure favorable terms through negotiations with Sudan and Ethiopia in order to obtain leverage for negotiations concerning future hydroelectric projects in upstream nations. Therefore, Egypt needs to be ready to make more concessions during coming negotiations to protect its core interest in securing freshwater supply in the future.
6. **Mediation as an opportunity to include all stakeholders:** Mediation offers Egypt the opportunity to include a higher number of stakeholders into the negotiation process. It will be beneficial for Egypt to invite other stakeholders such as METEC, the EPA and representatives of Egyptian farmers and Ethiopian indigenous people into the mediation process. The different perspectives of additional actors will help improve idea generation for problem-solving and will lend more legitimacy to the decision-making process.
7. **Improve relationship with Ethiopia:** The relationship between Ethiopia and Egypt has historically been negative. Under British and Italian occupation Egypt and Ethiopia respectively emerged as regional rivals and relationships concerning geopolitical issues such as the GERD have been strained ever since. Returning to the trilateral committee to engage in mediation provides an opportunity for Egypt to improve relationships with Ethiopia. In the long run, Egypt will benefit more from having Ethiopia as a partner than an adversary.
8. **Use mediation to improve cooperation with neighboring countries:** Climate change will put a strain on a multitude of natural resources across the African continent. Egypt needs to be aware that water is just one of the many resources that will be threatened by an increasingly hotter climate. If countries want to avoid going to war over resources, they need to engage in cross-border cooperation with neighboring nations in order to ensure sufficient provision and allocation of resources. The mediation process concerning the GERD provides a first chance to engage in substantial cross-border cooperation.
9. **Valid solutions to GERD conflict exist:** There are satisfactory solutions to the GERD conflict for both Egypt and Ethiopia. Since both countries frame the problem differently, mutually satisfactory solutions can be found through mediation. To ensure a slow and gradual filling process of the reservoir, Egypt could invest in the construction of solar energy plants in Ethiopia or provide Ethiopia with electricity from Egyptian power plants to mitigate the loss in power generation.

Best alternative to a negotiated agreement

I want to reiterate how important it is for Egyptian officials to find a mutual agreement to the filling speed of the GERD. If Egypt decides to remain absent from the trilateral committee it will forego any opportunity to influence Ethiopia's decision on the timeframe for the reservoir filling. Ethiopian officials have stated repeatedly that they prefer a timespan of three years to fill the GERD reservoir. This would result in widespread loss of cultivatable farmland in Egypt jeopardizing the country's food supply. Depending on the severity of the loss of farmland widespread famine could be a potential outcome. A famine could lead to severe inward pressure on the Egyptian administration, as dissatisfaction among the populace will grow and demands to resolve the situation will become more pronounced. Growing discontent among the Egyptian people will lead to demonstrations which could reinvigorate the forces behind the Arab Spring posing an existential threat to President el-Sisi's administration. To avoid the outbreak of a civil war Egypt might then deflect the anger of the Egyptian populace towards Ethiopia as the source of the problem potentially leading to war between the two countries. Going to war with Ethiopia over the GERD construction and potential famine in Egypt will lead to severe backlash from the international community and result in severe economic sanctions further worsening Egypt's situation.

Recommendations for successful mediation process

In consideration of the benefits that mediation would provide and the lack of viable alternatives of a negotiated agreement described above, I propose to the Egyptian administration to reengage the trilateral committee with Ethiopia and Sudan in order to resolve the GERD conflict through a mediation process that will be monitored and accompanied by an independent third-party actor. While Sudan acted as a mediating party in previous negotiations it is itself a downstream nation and is potentially biased concerning upstream construction projects. I recommend an organization like JAMS Global Engineering and Construction Group (GEC). JAMS GCE specializes in mediation, arbitration and dispute resolution for international engineering and construction projects. To ensure a successful mediation process I also recommend having trilateral negotiations resume in a neutral location. Previous negotiations took place in Cairo, Addis Ababa, or Khartoum. Since previous negotiations have collapsed, and relationships have deteriorated in the process a neutral location would assure that all actors involved will restart a mediation process in good faith. I recommend resuming trilateral talks in another neutral African country which is not situated along the Nile, such as Tanzania or Kenya. It is also pivotal that Egypt returns to negotiations immediately, because the GERD construction project will be completed in 2022. Finally, I propose that Egypt should invite additional stakeholders into the mediation process. If representatives of METEC, the EPA, Egyptian farmers and indigenous Ethiopian people groups are able to contribute to the mediation process the chance of finding a satisfactory solution for the GERD conflict will be considerably increased.

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