



Statement

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By International Crisis Group

Nile Dam Talks: A Short Window to Embrace Compromise

With rains swelling the Blue Nile, Ethiopia is just weeks away from beginning to fill the massive dam it is building. Egypt and Sudan demand that it not do so without an agreement. All three countries urgently need to make concessions for a deal.

On 9 June, Ethiopia, Egypt and Sudan resumed talks on the filling and operation of the Grand Ethiopian Renaissance Dam (GERD), raising hopes that they can strike a deal before Addis Ababa makes good on its intention to begin impounding water in the dam's reservoir, with or without an agreement. Ethiopia began constructing the landmark project a decade ago. It seeks to use the Blue Nile, the Nile's main tributary, to accelerate its economic development. The stakes for the downstream countries are high as well. Egypt, which depends almost completely on the river for its water supply, has vowed to use "all means available" to protect its Nile interests. Sudan, for its part, stands to gain from the dam's hydropower and flow regulation, but worries about safety issues. If Addis Ababa goes ahead with its plan to fill the reservoir even if there is no deal, tensions among the three countries will rise, making it harder for them to find a settlement. The onset of Ethiopia's long rainy season makes the necessity of a resolution even more pressing. All three parties will need to make compromises if they wish to

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reach an accord in the next few weeks. Their international partners should encourage them to do so – and quickly.

The parties actually have agreed on more elements than is widely believed. For example, in a 2 June letter to the UN Security Council about the GERD, Sudan's foreign minister, Asmaa Mohammed Abdalla, said they had reached 90 per cent of an agreement during U.S.- and World Bank-facilitated talks that stalled in late February. Most significantly, they found consensus as to how Ethiopia should fill and operate the dam when there is sufficient rainfall. Two key issues are outstanding, however: drought mitigation protocols and a dispute resolution mechanism. An accommodation in these areas is possible, but it promises to be difficult with mistrust among the parties running high. The U.S., EU and South Africa, in its capacity as African Union (AU) Chair, are now observing the talks, and they should impress upon each member of the trio the need to appreciate the others' legitimate concerns and interests in order to produce the necessary compromises. Otherwise, the three governments might remain trapped in their own contradictory narratives and at risk of scuttling yet again talks that have been going on, in various forms, for the best part of a decade.

The GERD dispute reached a low point following the breakdown of negotiations in



This file photo taken on December 26, 2019 shows a general view of the Blue Nile river as it passes through the Grand Ethiopian Renaissance Dam (GERD), near Guba in Ethiopia. EDUARDO SOTERAS / AFP

February, which yielded a U.S.-drafted agreement initialled by Egypt, but that Ethiopia declined to sign. Addis Ababa argued that the deal would commit it to drain the dam's reservoir to unacceptably low levels in the event of prolonged drought and that it was designed to perpetuate Egypt's unfair claimed quota of the Nile waters. Ethiopia also accused the U.S. of leaning too heavily in Egypt's favour during the course of talks and overstepping its observer role. Subsequently, Cairo and Washington argued to Addis Ababa that it would breach its international legal obligations if it were to capture any water in the GERD's reservoir without a deal. Ethiopia rejected this claim, asserting that it has the right to fill its dam unilaterally.

Since then, Egypt has embarked on a diplomatic offensive aimed at convincing Ethiopia to sign the U.S. draft agreement, including bringing the issue to the UN Security Council's attention. Addis Ababa has refused to bow to the pressure. It views the draft as an attempt to perpetuate what it sees as Cairo's unjust historical hegemony over the Nile waters. Moreover, any concession now would be politically costly

for Ethiopian Prime Minister Abiy Ahmed, who faces a difficult period leading up to what is likely to be a competitive election, which has been delayed by COVID-19 but will take place in 2021 if conditions permit.

Instead, on 10 April, Abiy proposed an interim agreement to cover the first two years of filling the GERD's reservoir. While such an agreement could be a way to reduce tensions and build trust while working toward a comprehensive deal – as Crisis Group argued in March – Cairo rejected it, saying a piecemeal approach would allow Ethiopia to avoid committing to an all-encompassing agreement on GERD's filling and operating rules, and would therefore leave Egypt exposed to water shortages over the long term. Khartoum also declined to pursue this option, stressing that the parties should seek a comprehensive accord.

Negotiations have since resumed, but friction among the parties, the culmination of a decade of disagreements, suggests that a deal will be hard to come by. To reach consensus on thorny issues like drought mitigation and dispute resolution, the parties will need to improve

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the political atmosphere surrounding the technical talks. One problem is that Ethiopia and Egypt both view the Nile waters issue as a vital national interest, which generates considerable domestic pressure to stick to maximalist positions. Partly for this reason, Egyptian negotiators do not believe that Ethiopia is committed to reaching an agreement. Ethiopia, in turn, suspects that Egypt is merely trying to secure its existing claims on the Nile waters.

To get an agreement across the line, the parties should stop looking at the negotiations through the prism of narrow national interests and mutual suspicion and adopt a consensus-seeking mindset that would create the environment to find technical fixes. Such an approach would be in the spirit of the 2015 agreement among the parties that requires all of them to use their shared water resources in “an equitable and reasonable manner”.

For example, Ethiopia says the hydropower project, which will be Africa’s most powerful, is vital for its economic development, and that the dam’s cheap electricity will benefit downstream countries, including Egypt. Addis Ababa ought to bolster its case that it has its neighbours’ interests at heart by reassuring Cairo and Khartoum that, if necessary, it will release sufficient amounts of water stored at the GERD to mitigate future downstream shortages caused by drought.

For its part, Egypt, with its heavy reliance on the Nile for its municipal, agricultural and industrial water supplies, worries about any upstream development, and is particularly agitated by Ethiopia’s unswerving approach to the GERD. But it should recognise that Ethiopia will not simply walk away from the investment it has made in this project, and that the best way to secure Egypt’s long-term interests is through cooperation with Addis Ababa.

Although its concerns often get lost in the tumult raised by its upstream and downstream neighbours, Sudan’s cooperation will also be vital to secure. Over the years, it has largely supported Ethiopia’s project, partly because it will benefit from the GERD’s cheap electricity and steady water flows that will reduce flooding and increase irrigation potential and power generation. Yet Khartoum remains concerned about safety, as the dam lies only around 20km from its border with Ethiopia, and poorly coordinated releases from the GERD could inundate its Roseires Dam. Addis Ababa should recommit to completing impact studies that Sudan has requested, as well as provide more assurances on reservoir management and safety procedures to keep Khartoum from standing in the way of an agreement.

With filling imminent, moving toward these types of more conciliatory positions will be essential if this current and most critical phase of negotiations is to succeed. They will pave the way for the parties to thrash out consensus on issues that the U.S.-facilitated process did not resolve. As noted, those talks produced convergence on how the dam should be managed when there are at least average flows, but foundered over disagreement about what to do when the flows are significantly reduced during periods of drought.

While Ethiopia is prepared to agree to release predetermined amounts – which would vary depending on the starting volume of the GERD reservoir and projected annual Blue Nile flow – in any hydrological year when drought reduces water flow below a certain threshold, Egypt has also pressed it to make additional commitments for situations when there is a multi-year drought. In February, Egypt and the U.S. backed proposals that during and after multi-year drought situations, Ethiopia would be bound to release requirements that could run the reservoir down to a volume that Addis Ababa considers unacceptably low. Ethiopia objected to these proposals in the draft agreement, expressing particular concern about formulas that would place it in the situation of

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“owing water” to Sudan and Egypt if river flows to the latter fall short of certain levels over a period of years. From Cairo’s perspective, an arrangement like this is necessary in order to ensure that Egypt’s annual share of the river’s flow averages out at the level that it has come to depend upon. From Ethiopia’s vantage, this kind of arrangement would excessively constrain the GERD’s power production capacity. It also maintains that any arrangement that potentially involves Ethiopia “owing” water to downstream countries would be appropriate only as part of a multilateral “water sharing” accord in which all eleven Nile riparian states commit to annual water use quotas.

To make progress, Addis Ababa should table detailed proposals on annual drought mitigation in various hydrological conditions that display empathy for downstream concerns – including on how to manage a period of consecutive dry years. Although Ethiopia has in the past rejected the idea of making advance commitments that take into account the circumstances of Sudan’s and Egypt’s dams and reservoirs, it says that it is prepared to engage in annual coordination to work out how reservoir needs could be met during a sustained period of below average flows. While a degree of flexibility is appropriate due to climate change, shifting water needs and development projects, Addis Ababa should flesh out how this coordination will work. In addition, Ethiopia could increase the amount it pledges to release in drought years and also be willing to run the reservoir down to a lower volume during prolonged drought than it has previously accepted. Ethiopia would thus need to tolerate reduced storage at the GERD during dry spells in the interests of reassuring its neighbours and getting a deal over the line.

For its part, Cairo should abandon its current aggressive public diplomacy, which creates

perceptions in Ethiopia that it seeks to halt the GERD project altogether and maintain an inequitable status quo. That approach inflames Ethiopian public opinion and thus reduces Addis Ababa’s room to offer concessions. Egypt should also accept that Ethiopia has the right to develop Blue Nile projects upstream of the GERD that would reduce inflows into the dam. An agreement should contain a dynamic element allowing for renegotiation of minimum releases from the GERD as circumstances change over time.

Another key area where the parties need to reach compromise is dispute resolution. Ethiopia wants disputes under any agreement to be settled through negotiations among the three countries, while Egypt and Sudan prefer binding international arbitration. Similar to the drought management issue, one stated reason for Ethiopia’s unwillingness to submit to arbitration is the absence of a comprehensive legal agreement governing water sharing in the Nile basin. It says that without such a treaty, arbitrators would not have a legal arrangement on which to base a decision on water allocation issues. Ethiopia also sees little benefit in a process in which only it – as the dam owner and upstream country – is likely to be subject to potential claims.

In view of Ethiopia’s traditional preference for African processes, one way forward could be a binding, AU-led dispute resolution mechanism – although this path would require Addis Ababa to shift its position on arbitration and Cairo to overcome its reservations that an AU-led process would favour Ethiopian interests. The addition of a conciliation commission might help convince both countries to make that shift. This form of mediation, where the mediator makes non-binding recommendations to the parties, fosters understanding and aims to find consensus through a non-adversarial

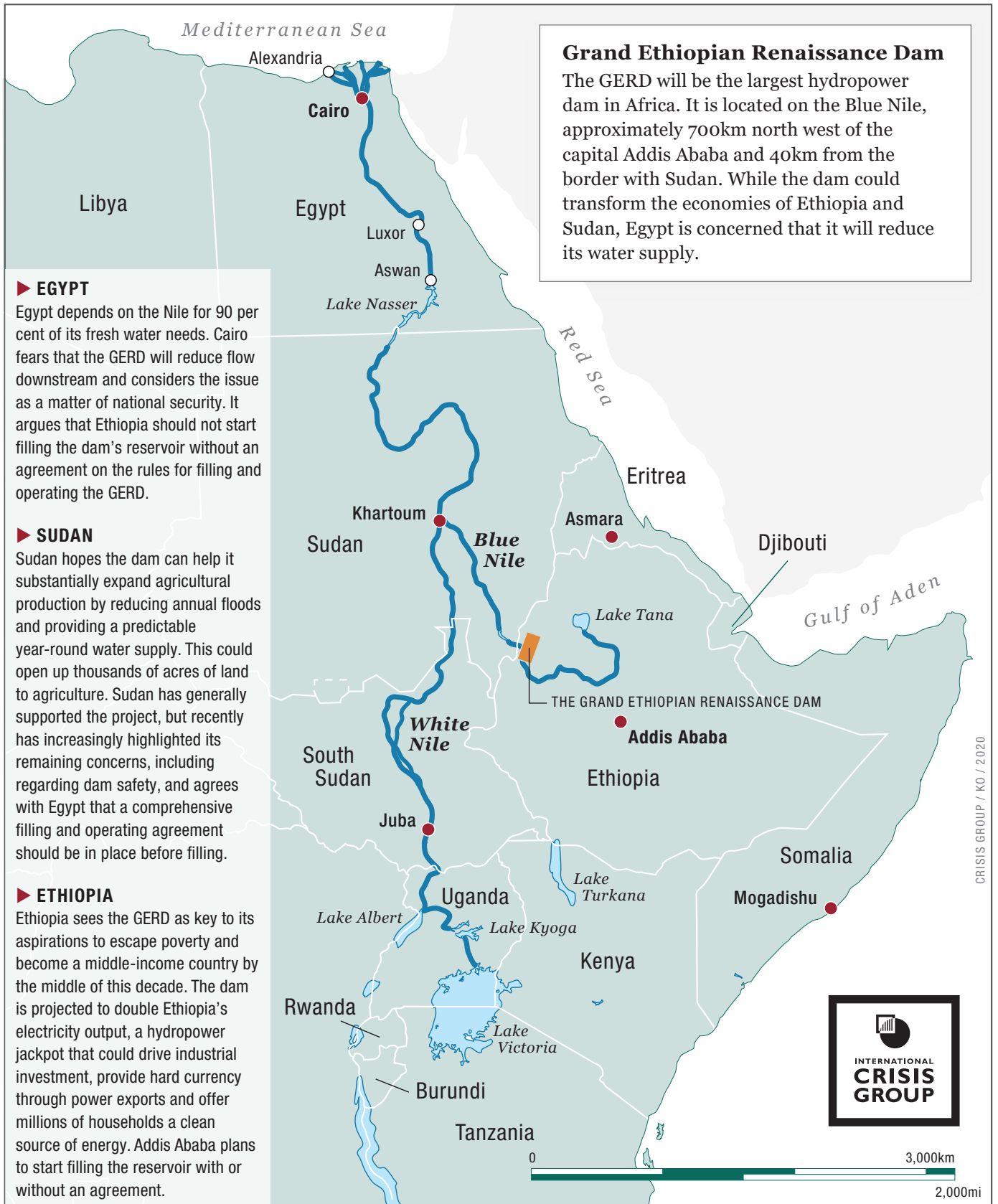
process. If conciliation fails, the parties would then be obliged to submit to binding AU-led arbitration.

Given decades of acrimony, domestic pressures and climate volatility, Nile issues will undoubtedly remain contentious for some years to come. But the parties now have a short window of opportunity to veer away from a looming confrontation and build the foundation for future cooperation. Any deal on the GERD would mean creating a joint institution through which the three countries would share data on rainfall and river flows, and coordinate reservoir levels, thereby formalising cooperation and building trust.

Egypt, Ethiopia and Sudan all have strong incentives to adopt such an approach. For Egypt, no deal would mean that the government looks weak, as it has opposed unilateral filling. Additionally, it would leave itself with limited information about Ethiopian plans for filling and operating the GERD, putting itself in a disadvantageous position to manage its own water resources. For Ethiopia, a deal would

mean honouring its 2015 commitment to agree on plans for filling the reservoir while avoiding increased diplomatic pressure. For Sudan, cooperation means getting into a better position to benefit from the GERD's electricity and regulated releases.

With only weeks to go before Ethiopia begins storing water, and given the mistrust among the parties, it will be difficult to strike a comprehensive deal before filling or, barring that, to revisit the idea of an interim deal that would at least buy more time. Regardless of which approach the parties eventually take, they and their outside supporters must make every effort to reach a compromise on the outstanding issues before both water levels in the dam and tensions rise significantly.



Grand Ethiopian Renaissance Dam
 The GERD will be the largest hydropower dam in Africa. It is located on the Blue Nile, approximately 700km north west of the capital Addis Ababa and 40km from the border with Sudan. While the dam could transform the economies of Ethiopia and Sudan, Egypt is concerned that it will reduce its water supply.

► **EGYPT**
 Egypt depends on the Nile for 90 per cent of its fresh water needs. Cairo fears that the GERD will reduce flow downstream and considers the issue as a matter of national security. It argues that Ethiopia should not start filling the dam's reservoir without an agreement on the rules for filling and operating the GERD.

► **SUDAN**
 Sudan hopes the dam can help it substantially expand agricultural production by reducing annual floods and providing a predictable year-round water supply. This could open up thousands of acres of land to agriculture. Sudan has generally supported the project, but recently has increasingly highlighted its remaining concerns, including regarding dam safety, and agrees with Egypt that a comprehensive filling and operating agreement should be in place before filling.

► **ETHIOPIA**
 Ethiopia sees the GERD as key to its aspirations to escape poverty and become a middle-income country by the middle of this decade. The dam is projected to double Ethiopia's electricity output, a hydropower jackpot that could drive industrial investment, provide hard currency through power exports and offer millions of households a clean source of energy. Addis Ababa plans to start filling the reservoir with or without an agreement.

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A timeline of the GERD and the events leading up to its construction

7 May 1929

In an exchange of letters with Egypt's semi-independent administration, the British government recognises the "natural and historical right of Egypt to the waters of the Nile" and agrees that upstream developments should "observe" these rights.

8 November 1959

Egypt and Sudan sign a bilateral agreement that allocates all of the river's water to the two countries.

21 July 1970

Construction of the Aswan High Dam – across the Nile in Egypt – is completed.

22 February 1999

The Nile Basin Initiative is formed. The partnership of Nile riparian states aims to provide a forum for the cooperative development and management of the Nile waters, including a new multilateral treaty.

2 April 2011

Ethiopia announces construction of the Grand Ethiopian Renaissance Dam (GERD) after signing a \$4.8 billion construction contract with Italian firm Salini Costruttori. Egypt expresses concern over the surprise announcement and size of the dam.

15 May 2012

A ten-member International Panel of Experts (two each from Egypt, Sudan and Ethiopia plus four international specialists) is set up to examine all aspects of the dam. In a May 2013 report, it recommends additional impact studies.

20 September 2014

The Tripartite National Committee, comprising four members each from Ethiopia, Egypt and Sudan, is established to conduct the studies, but these are never completed.

23 March 2015

The three leaders sign the Declaration of Principles on GERD, which outlines their commitment to cooperation and to peacefully resolve differences.

15 May 2018

The three countries' intelligence chiefs and foreign and water ministers establish the National Independent Research Study Group to discuss the dam's impact, filling and operation.

6 November 2019

After the study group fails to produce an agreement, Egypt, Ethiopia and Sudan resume talks on the GERD observed by the U.S. Treasury and the World Bank.

29 February 2020

Ethiopia refuses to sign a draft agreement that is initialled by Egypt, amid Ethiopian claims that the U.S. and World Bank overstepped their roles and proposed drought mitigation measures that favoured Cairo.

10 April 2020

Ethiopian Prime Minister Abiy Ahmed proposes an agreement to cover the first two years of filling. Cairo rejects it. Khartoum, stressing the need for a comprehensive accord, also declines. Two months after the proposal, the parties resume negotiations.