An attempt is made to examine the ongoing political and economic changes in the upstream countries (as well as in Sudan) and on how these dynamics might affect and challenge both the regional balance of power and the ongoing issue of hydro politics among the riparian states in the Nile basin region. Nile basin is one of hot-spots where violent conflict could break out over the shared water recourses because of various hydro political intricacies that it involves. The intricacies that may lead to conflict include: inequitable use of water resources, interstate relations that are based on suspicion and misunderstanding, and unilateral appropriation of the Nile waters. Using its hegemonic power acquired for centuries and the myth of Herodotus, Egypt took the monopoly of the Nile issue. Thus, until very recently, in equitable distribution of water resources has been prevalent among the Nile basin countries. The article tried to analyze the correlation between the shifts in power relations in the Nile basin which started a decade ago. It is indicated that these power changes have led to the development of a new kind of relationship in which “no war, no peace “system is preferred by the two riparian states, Egypt and Ethiopia. Avenues and deriving forces for hydro political reform, such as the Nile Basin Initiative, and the role of China and other donors or investors are not to be unnoticed. In the contemporary era, one important phenomena that has changed the Nile hydro politics is the emergence of China, a new external trading partner to several of the Nile riparian states and a country unencumbered with international water and environmental regulations in its financing approach, has brought not only new opportunities for dam construction in the Nile basin region but also new challenges for hydro political relations.

Key words: Riparian States, China, Nile river basin, Egypt, Power Shift, Ethiopia

INTRODUCTION

Hydro political complexes are emerging to negotiate water-sharing policies that promote political stability, environmental sustainability. Yet interstate disputes are occurring within most hydro political complexes, and weak riparian states are often coerced to agree to
water-sharing policies that adversely affect them (Kehl, 2010). Egypt is the “clear hegemon on the Nile in terms of economic strength” (Whittington, 2004): its economy is stronger, more diverse and further integrated in the global economy than those of other riparian states. While the lower riparian states have flourished from the benefits derived from the Nile, the upper riparian states have not been so fortunate. Due to its geostrategic location, Egypt has maintained both an important international position and good relations with international donors. It has benefited from close political and economic relations with the US and European and Middle Eastern countries, and it has been a recipient of major international financial support (Hira and Parfait, 2004). Furthermore, it is a major regional military power and has the capacity to project and sustain this might (Cordesman, 2004).

Egypt has also been the strongest riparian in the basin in terms of bargaining power, i.e. in its “control over the agenda of politics and of the ways in which potential issues are kept out of the political process” (Lukes, 2005). Through discursive and bargaining tools, Egypt has developed a capacity to influence the basin’s overall hydro political agenda including bilateral and multilateral political relations. Egypt has been able to define the ‘red lines’ of negotiations, and to dictate exactly what is ‘on’ and ‘off’ the agenda. As such, Egypt has been able to impose the 1959 Agreement and the perspective of its “historic and acquired rights” as the starting point for any negotiations in the basin. Because of comparatively weak bargaining tools, the ability of other riparian states to frame agendas and negotiations has been less.

OBJECTIVES OF THE STUDY

The article has the following specific objectives

1. To examine the existing power balance in the hydro politics of the Nile basin among the riparian states.
2. To assess to the opportunities in which Egypt has used to acquire hegemonic power in the Nile basin region
3. To provide lessons for other riparian states in the region to ensure equitable water resource utilization that is based on mutual agreement and cooperation
4. To identify the driving forces for the dilemma of hydro politics in the Eastern Nile basin

MATERIALS AND METHODS

DATA SOURCES

The study is completely relied on secondary data sources. The materials used are found from the Institutions which have substantial trend in the issue of hydro politics in the international arena, such as International rivers network, MWRI (Ministry of Water Resources and Irrigation, Egypt), Embassy of the Federal Democratic Republic of Ethiopia to Beijing, PRC, Yale University, Macmillan Printing press, and others. Figure 1
REVIEW OF RELATED LITERATURE

EGYPT, THE HYDRO-HEGEMONIC RIPARIAN

Control of the Nile basin’s shared water resources is characterized by a high degree of asymmetry brought about by factors including the different capacities the riparian states to technically control, utilize and allocate the water resources. In terms of their technical control, the ten riparian states demonstrate varying capacities to harness the resource, based on their particular hydraulic infrastructural and storage capacity. Egypt began to develop its "hydraulic mission" in the 19th century and expanded it greatly during the 20th Century, under the British Condominium (Collins, 2002).

The riparian states also exhibit contrasting levels of water utilization. Egypt is by far the main regional water user, withdrawing far higher levels of water from the basin than do its neighbors. According to official statistics, Egypt utilizes around 55.5 Bm³ of Nile water per year (MWRI, 2005). However, Egypt might have been using more than it declares: first, because 84 Bm³/yr. measured at Aswan is an underestimation of average Nile flows, according to some observers (Waterbury, 1979); second, because Egypt has been benefiting from the unutilized quota of Sudan (El-Zain, 2007). The Government of Sudan declares a utilization of around 12.5 Bm³/yr. (MWRI, 1999) but, as will be shown later in this article, current utilization might already be reaching 14.6 Bm³/yr. (Mohieldeen, 2007). Withdrawals by Ethiopia and equatorial countries (Uganda, Tanzania, Kenya, Burundi, Rwanda, R.D. Congo) remain, by contrast, very limited. The situation is similarly asymmetric in terms of the riparian states’ water allocation as defined by the bilateral 1959 Agreement, as mentioned earlier.

OPPORTUNITIES TO EGYPT’S UNCHALLENGED HEGEMONIC POWER

A combination of stronger material, bargaining and ideational power has allowed Egypt to develop a hydro-hegemonic status in the basin vis-à-vis the other riparian states and to maintain the regime that best served its national interests. Thus, the status quo has remained unchallenged until recently has been a product of Egyptian hydro-hegemony. It is also related to the fact that Sudan and the equatorial Nile states only achieved independence in the late 1950s or early 1960s, thus giving Egypt the opportunity to be the first to exploit the Nile resources. Moreover, it is related to the internal structural weaknesses of upstream riparian states and their inability to challenge the status quo due to their collective and individual scarcity of power resources, as discussed in the next section. However, the most recent power dynamics in the basin’s upstream region suggest a changing balance of regional power under which upstream riparian states are increasingly contesting and challenging the current hydro political regime. These changes and their impacts on regional hydro political relations are analyzed in the next section.

EGYPT: BEYOND THE STATUS QUO

Though Egypt’s goal is the protection of its ‘acquired rights’, as enshrined in the 1959 Agreement, its position in the basin and its national water policies have changed. In past decades, Egypt faced challenges due to increasing population growth and growing pressure over "old" lands in the Nile valley and delta. As a result, Egyptian authorities have adopted a policy of moving people out of the 'old valley' towards new reclaimed lands in the desert, wherein new agricultural projects are being developed (Ayeb, 2002). Three major horizontal expansion projects have been ongoing since the late 1990s: the West Delta Irrigation Project, the North Sinai Agriculture Development Project, and the South Valley/Toshka Development Project, all of which aim to reclaim thousands of hectares of land (MWRI, 2005). Through new land reclamation projects, the Government of Egypt aims to develop around 1.8 million feddans¹ (870,000 in the Sinai region, and 997,000 in the south-western desert) before 2017 (MWRI, 2005). The water requirements of these projects are immense. Reused water and groundwater resources might be able to provide part of the needs. The other part is sought from the Nile, as Egypt’s plans include substantially increasing the utilization of Nile water.

Throughout much of their history, Sudan and Ethiopia are very much consumed in their own internal conflicts that “consumed the attention (and the resources) of the governments involved, precluding any new investment in dams and irrigation projects” (Klare, 2001). Clearly, Egypt has historically taken advantage of this internal conflict in other nations for its own benefit, by using its own wealth, resources, and power to dominate the region. As we enter the 21st century, the prospect of peace in these war torn areas of Africa is becoming more and more possible, which would change Egypt’s situation significantly. Although Egypt has historically controlled allotments of the Nile River, the status quo is not necessarily sustainable.

The end of the hydro political status quo in the Nile Basin

There are twins facts while talking the Nile Hydro politics;
Ethiopia is the sole source of water for the Nile River

¹ 1 feddan=0.42 hectares
which account over 86 percent of the share and Egypt has depended upon the waters of the Nile from times of antiquity. Thus, water has been political since time immemorial in the Nile Basin and the importance of the Nile to both the upper and lower riparian states and indicates the reasons why the Nile will become a serious bone of contention between the states of the Nile watercourse. Because of its dependence on the Nile, Egypt's leaders, using Herodotus' description as their hegemonic narrative, have always been industrious in ensuring a monopoly over the waters of the Nile. The key catalyst in the Nile Basin has been the erosion of the 'hydro political status quo', the paramount reality that has structured discourses. As Waterbury J. 1979, cited by Verhoeven, 2013, for most of the twentieth century, the hydro political status quo, as legally embodied by the 1929 and 1959 treaties, essentially turned the Nile into an Egyptian river, dividing most of the water available between Egypt and, to a lesser extent, Sudan as a relic of the colonial era during which both countries' hydro political economies played vital roles in the British imperial system. The hydro politics trajectory of this era made Ethiopia absolutely the looser of all key stakeholders in the issue under discussion. Several wonderful writers have testified their witness in their findings. Haile Selassie's Ethiopia was denied access to the negotiations and found itself presented with a fait accompli; his downstream neighbors dammed the river and initiated large-scale irrigation schemes (Verhoeven, 2013). For such marginalization, foreign intervention is by far the most important factor. On the one hand, the strategic importance of Egypt to the USA, and the barbarous and misinformed successive Ethiopian leaders who on the other hand, played a significant role in building long year frustrating hegemony in Egypt. While emperor Hailesilassie was ousted and backed the US relation in the cold war era, he opened the door for USSR. This inaugurated a new era when opportunities come in to being for Egypt. USA in its turn, opened its door for Egypt and its prominent engineers along with that of the British ones, drafted master plans for comprehensive basin management with flood regulation mechanisms and agricultural projects along the Nile in which Ethiopia was supposed to play a key role (Ibid). Moreover, successive Egyptian leaders maintained a lasting relationship with USA, which in fact helped Egypt to preserve the hydro political status quo in the region. Later on, this phenomena tried to put its impact when Ethiopia tend to construct the great Ethiopian rainasance dam, GERD, in halting development aid, though the determination and strong commitment of the people in Ethiopia played the revers. Multilateral funding for Ethiopian dam or irrigation projects on the Nile was blocked owing to Egyptian–American influence; the World Bank maintained that it could not fund dams when water was so politicized (Ibid).

ETHIOPIA: EXPLOITING ITS BARGAINING POWER

For a long period, Ethiopia was considered the 'silent partner' in Nile hydro politics (Waterbury, 2002). Despite being the source of 86% of the total Nile water resources, Ethiopia has only developed a meager amount of the Nile water resources available in its territory, and very few water control infrastructures have been constructed (Arsano and Tamrat, 2005). Several factors explain Ethiopia's absence from the race for utilization of the Nile water. There have been protracted internal conflicts, a lack of financial resources, weak institutions, a lack of priority and strategy for the water sector, and dependence on rain-fed agriculture which has reduced the need for irrigation (Abate, 1994; Shapland, 1997). But Ethiopian authorities have always highlighted their will to develop those resources for both hydropower and irrigation purposes, regardless of the opposition from downstream riparian states. Until the mid-1990s, few developments had taken place in the Nile basin in Ethiopia but in the last decade the country's political landscape has been reshaped which may have hydro political consequences for the region. As this section will analyze, Ethiopia has begun contesting and challenging Egyptian hegemony in the Nile basin (Cascão, 2008). Accordingly, a historic power shift is clearly observed.

Political and economic changes in Ethiopia in the 1990s, namely the coming to power of Meles Zenawi in 1991, a move towards a market-oriented economic model, better relations with donors and a stabilization of the economy, brought the Nile issue into the Ethiopian political arena. By this time, national water master plans for all the Ethiopian river basins were conducted by international consultants (Cascão, A.E. 2009). Many of these updated and extended previous studies were conducted in the 1960s by the United States Bureau of Reclamation (USBR, 1964). The new master plans included the identification (or confirmation) of several potential sites for hydropower dams and irrigation schemes. Furthermore, projects were initiated unilaterally in the mid-1990s. The construction/expansion of several hydraulic projects began outside the Nile including in the Awash and Omo rivers. In the Nile basin, the Government of Ethiopia gave priority to two kinds of projects: development of micro dams in the highlands, in the Blue Nile and Atbara basins (Waterbury and Whittington, 1998); and construction of a large-scale hydropower dam, the Tekezze dam, on the Tekezze-Atbara River (Abraham, 2005). This event led the foundation stone to the emergence of the future greatest dam project in Africa which became a reality after a decade. This was enabled not only through the financial engagement of the Government of Ethiopia but also through favorable construction contracts offered by China, a new external partner.

The Government of Ethiopia has succeeded further
plans, in particular for the Blue Nile basin. On the one hand, Ethiopia exploited Chinese investment and support for the implementation of hydropower dams and irrigation schemes in the Nile basin, including the long-lasting controversial project of the Tana-Beles Irrigation Scheme on the Blue Nile basin (Ethiopia, 2007) and, on the other, Ethiopia also expected to get financial support from the World Bank and other external donors for the grand renaissance dam, which was an unsuccessful attempt. But, it was the time unprecedented in the history of Ethiopia when the most outstanding contribution and full commitment of both the people and the government have been invested. In reality, it is a lesson for any other riparian state in the Nile basin region in that, it is possible to construct the same project even in worst situations and of course from the domestic economy.

It was in the mid-1990s that Ethiopia joined, for the first time, a multilateral cooperative institution in the Nile basin. It maintains its involvement in the NBI and the cooperation process, in the belief that negotiations will bring about a new legal agreement and the financial investment of external donors will facilitate the development of joint multipurpose infrastructure in the Ethiopian highlands (Arsano and Tamrat, 2005). Ethiopia’s expectations towards cooperation are backed by the World Bank’s keenness and commitment to support the development of hydraulic projects in Ethiopia (World Bank, 2006).

CHINA: ALTERNATIVE FINANCIAL SUPPORT IN THE NILE RIVER BASIN?

Another major change to Nile basin hydro politics has emerged with the recent arrival of a new external partner in the region, China, and its extensive involvement, since 2000, in water development projects in the basin. This fact represents an emblematic shift in terms of access to funding and construction contracts for hydraulic infrastructure in the basin.

In the past, a main factor in the Nile basin’s asymmetric power relations and a major constraint to the development of upstream infrastructure has been the lack of external financial support for hydraulic projects. Not only international and regional financial institutions, such as the World Bank, but also the bilateral donors, have been reluctant to support projects and provide loans for projects in both Ethiopia and the equatorial countries. This reluctance may be partially explained both by a lack of political stability needed to secure investment in these countries and by international donors’ unwillingness to support controversial projects with the potential to effect the water availability to other countries. Funds from the World Bank, for example, have been unavailable for projects in upstream riparian states, because the Bank’s Operational Directives require the consent of all downstream neighbors for a project to be financed (World Bank, 1994). Regional banks, such as the African Development Bank, adopted similar directives. As a result, these directives have afforded Egypt a “veto power” often used to prevent the project development in the upstream Nile catchments (Waterbury, 2002).

The emergence of China in the ‘global dams industry’ over the last decade represents a seismic shift for international funding of hydraulic infrastructure, especially with regard to the African continent (International Rivers, 2008). The Nile basin region is a clear case of such representation. Chinese policy towards Africa involves massive infrastructural construction (including hydraulic infrastructure) and Sudan and Ethiopia have been among the major recipients of such aid (World Bank, 2008b). China, a new external trading partner to several of the Nile riparian states and a country unencumbered with international water and environmental regulations in its financing approach, has brought not only new opportunities for dam construction in the Nile region but also new challenges for hydro political relations.

China’s favorable financial contracts with national governments have provided unprecedented opportunities for governments of the equatorial and eastern Nile basins to move forward with unilateral projects (ibid) A decade ago this would have been almost impossible: no donor would have supported such projects and, furthermore, prior consultation with neighboring riparian states would have been deemed essential. Now the capacity to build dams is potentially available to all Nile riparian states; moreover Chinese companies do not require notification or consultation with downstream riparian states. So, in one key aspect, Egypt has lost its veto power to block upstream projects.

China’s involvement in the Nile basin’s dam construction programs indicates several important features that should be considered when analysis of the linkages between global factors and regional hydro politics is undertaken. First, the traditional multilateral institutions and bilateral donors are no longer the only partners in the race for hydraulic development in the Nile basin which, to a great extent, remains ‘undammed’ and replete with potential for infrastructural development. Second, China provides more affordable contracts and speedier execution of projects than more traditional donors and companies. As such, it has been able to be the first in the race to secure contracts. Third, because China does not impose environmental, human rights or good governance conditionality, national governments may prefer to work with China rather than with Western governments or multilateral institutions. Cognizant of growing Chinese competition in the African infrastructural construction sector, in 2007, the World Bank signed a Memorandum of Understanding with China Exim (Export-Import Bank of China) to promote collaboration
on future projects (BIC, 2007). The contours of this collaboration are still unclear, but it indicates the eagerness of both China and the World Bank to expand infrastructure in Africa.

Insofar as the Nile basin is concerned, the emergence of China as an important infrastructural financier represents a strong incentive for hydraulic infrastructural development. Upstream riparian states are already benefiting from it and more projects may follow. The temptation for unilateral project development is increasingly high, in particular when considering how the NBI and the ongoing multilateral cooperation have so far failed to deliver results as facts on the ground. While attempting to establish future scenarios, one might conclude that in case the Nile riparian states and external partners do not succeed in the short term by agreeing on multilateral projects, individual riparian states may instead opt for developing infrastructure unilaterally and directly via Chinese support. If so, this could have major impacts on the hydro political relations between upstream riparian states and Egypt, and would probably endanger the ongoing hydro political cooperation process.

RESULTS AND CONCLUSION

The article has identified how and where power relations in the Nile river basin have changed over the past decade and what the impacts were brought due to these dynamics on hydro political relations in the basin have been. The article started with a demonstration of the basin’s historical characterization by asymmetric power relations. On the one hand, until recently, Egypt, the strongest riparian in the basin (through force of its material, bargaining and ideational power) had been able to systematically develop the Nile water resources, to the point where it could control the hydro political regime to favor its interests and maintain its hegemonic position in the basin and, on the other, the capacity of upstream riparian states to develop water resources has been hindered by several internal and external constraints. Consequently, these riparian states have been unable to challenge Egypt’s quasi-monopoly of the Nile water. The main thrust of the article has shown that this situation is changing rapidly and that highly dynamic political processes are coming in to the scene. The grand renaissance Dam is a breakthrough in the history of the Nile hydro politics which paved the way for equitable utilization of water resources among the riparian states and indicates the historic power shift from Egypt to Ethiopia, a riparian state which contributes the lion share of the river under discussion.

Riparian states of the region, have taken the emergence of China as the sole financier and driving force of hydro power projects in the region. First, the traditional multilateral institutions and bilateral donors are no longer the only partners in the race for hydraulic development in the Nile basin which, to a great extent, remains ‘undammed’ and replete with potential for infrastructural development. Second, China provides more affordable contracts and speedier execution of projects than more traditional donors and companies. As such, it has been able to be the first in the race to secure contracts. Third, because China does not impose environmental, human rights or good governance conditionality, national governments may prefer to work with China rather than with Western governments or multilateral institutions. Cognizant of the growing Chinese competition in the African infrastructural construction sector, in 2007, the World Bank signed a Memorandum of Understanding with China Exim (Export-Import Bank of China) to promote collaboration on future projects. This is a great opportunity and a new chapter to the Nile basin states which played a significant role for ensuring equitable utilization of water resources in the region. Taking all things discussed above in to consideration and given that water management is not a zero-sum game, and multiple nations can benefit simultaneously if water is used efficiently, cooperation among basin states is imperative. Riparian states (states existing on the bank of a river) must increase communication, use technology more efficiently, and show a willingness to relinquish some sovereignty in order to maintain peace in the Nile River basin.

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