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CONFLICT AND COOPERATION IN THE EASTERN NILE: THE ROLE OF BUSINESS

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ABOUT THE PROGRAM

Launched in March 2012, the African Peacebuilding Network (APN) supports independent African research on conflict-affected countries and neighboring regions of the continent, as well as the integration of high-quality African research-based knowledge into global policy communities. In order to advance African debates on peacebuilding and promote African perspectives, the APN offers competitive research grants and fellowships, and it funds other forms of targeted support, including strategy meetings, seminars, grantee workshops, commissioned studies, and the publication and dissemination of research findings. In doing so, the APN also promotes the visibility of African peacebuilding knowledge among global and regional centers of scholarly analysis and practical action and makes it accessible to key policymakers at the United Nations and other multilateral, regional, and national policymaking institutions.

ABOUT THE SERIES

"African solutions to African problems" is a favorite mantra of the African Union, but since the 2002 establishment of the African Peace and Security Architecture, the continent has continued to face political, material, and knowledge-related challenges to building sustainable peace. Peacebuilding in Africa has sometimes been characterized by interventions by international actors who lack the local knowledge and lived experience needed to fully address complex conflict-related issues on the continent. And researchers living and working in Africa need additional resources and platforms to shape global debates on peacebuilding as well as influence regional and international policy and practitioner audiences. The APN Working Papers series seeks to address these knowledge gaps and needs by publishing independent research that provides critical overviews and reflections on the state of the field, stimulates new thinking on overlooked or emerging areas of African peacebuilding, and engages scholarly and policy communities with a vested interest in building peace on the continent.

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Introduction

The discussion of the role of business in resource-based conflicts in Africa in general and the Nile basin in particular, has been dominated by two approaches. The first approach emphasizes the role of business in exacerbating domestic and transboundary conflicts by engaging in land and water grabs.[1] In the Nile basin, large-scale land acquisitions by foreign corporations have often been considered as a means of exploiting land and water resources, and a factor that increases uncertainty and complexity in hydropolitical relations in the basin.[2] This investigation of foreign investments can be linked to a broader literature on promoting good governance of natural resources. This literature focuses on increasing transparency and accountability of all stakeholders, including non-state actors involved in the use of natural resources and ensuring the sustainable management of these resources.[3]

In contrast, the second approach, which focuses more on transboundary business cooperation, argues that economic cooperation, not only between state actors, but also between corporations could de-escalate conflicts over shared water resources. According to this approach, the private sector can act as 'an agent of change' by creating shared interests across borders and engaging in confidence-building activities.[4] International organizations and funding institutions have supported multi-stakeholder forums to strengthen transnational cooperation between non-state actors and pushed for public-private partnerships to implement projects at transboundary levels.[5] In the Nile basin, inter-riparian investments have been suggested as a potential means of reducing tensions through trading virtual water (i.e. the volume of water used in the production of commodities, goods, or services) from water-rich upstream countries, especially Ethiopia to water-scarce downstream countries, especially Egypt.[6] It has been suggested that the more Egypt invests in upstream countries (and Sudan) for domestic agricultural production, the less likely it would resort to military means against these countries to secure access to the Nile waters to feed its own population. This assumption indicates that while inter-riparian investments may increase conflict within receiving countries, it may reduce conflicts between these countries.[7]

This paper contributes to this debate by examining the actual roles played by Egyptian businesses in the hydro-political and hydro-economic relations between the three Eastern Nile countries and the factors that affect these roles. It argues that the two approaches criticizing business's contribution to conflict or applauding its contribution to cooperation have not adequately captured the complexity and variety of roles played by business. It also does not adequately summarize the possible contradictory impacts of these roles on conflict and cooperation between riparian states. These approaches also downplay the impact of state-business relations and of the basin context, especially the history of hydro-political relations, on these roles.

The paper will also address four main questions: what are the motivations of Egyptian businesses investing in Ethiopia and Sudan? To what extent do tensions over the utilization of the Nile waters factor into risk assessment of investments in the two countries? What roles do Egyptian public and private corporations play in promoting economic cooperation and reducing the potential of conflict, or increasing tensions between Egypt on the one hand, and Ethiopia and Sudan on the other hand? What factors affect these roles and how? And how can the business community better contribute to reducing tensions over the utilization of water resources and promoting wider economic cooperation between Eastern Nile countries?

The paper depends on three data sources. The first source is data obtained by the author from national investment commissions in Ethiopia and Sudan on the size and sectoral distribution of Egyptian investments in the two countries. The second source is interviews conducted in Cairo, Addis Ababa and Khartoum with policymakers and representatives of private corporations and business councils. From September to November 2017, the author conducted 72 interviews, 41 of which are relevant to the purpose of this paper, with Egyptian, Ethiopian, and Sudanese government officials and representatives of regional business councils and of Egyptian corporations investing in Sudan and Ethiopia. Interviewed government representatives included officials from the ministries of foreign affairs, water resources, and trade. Given the lack of updated contacts of investors, especially small and medium scale enterprises, and the reluctance of business representatives to be interviewed for research purposes, the author depended on a convenience sample that included 12 representatives of big corporations and bilateral and regional business councils.

Although the interviewees from the corporate sector are not representative of the business community, their responses provided useful insights on the incentives for promoting investments in other Eastern Nile countries. Their responses also show us the actual roles that some corporations play in promoting cooperation or increasing tensions between the three countries, and the limitations of these roles. Also noteworthy, businesses interviewed invest in different water and non-water related sectors, including agriculture, industry, infrastructure, and services, which allows for exploring the different roles they play in the hydro-politics and hydro-economy of the sub-basin. Some interviewees from both the government and business sectors preferred to remain anonymous, and thus their identities are not disclosed. To complement these two primary sources, scholarly literature on the role of business in the basin, and media reports on Egyptian investments in Ethiopia and Sudan and the perceptions of officials and local communities towards these investments were consulted.

The rest of the paper is divided into five sections. The first section summarizes the debate about the contribution of business to peace and conflict. The second section presents a background on the disagreements over the utilization of water resources in the Eastern Nile, the rising tensions in the wake of the signing of the Cooperative Framework Agreement (CFA) for the Nile River by most upstream Nile riparian states in 2010 and the unilateral construction of the Grand Ethiopian Renaissance Dam (GERD) in

2011. The third section maps Egyptian investments in Ethiopia and Sudan and examines the motivations of these investments and how these motivations link to reducing tensions over the Nile. The fourth section assesses the roles played by business in promoting economic cooperation between Egypt on the one hand, and Ethiopia and Sudan on the other hand. It also points to other roles that have increased tensions within these countries and may contribute to escalating tensions between them. The fifth section underlines the impact of state-business relations on the role of business in conflict in the sub-basin. The conclusion presents the main findings and provides policy recommendations for promoting the role of business in supporting peace in the sub-basin.

Business: conflict agents or peace entrepreneurs

A growing body of literature examines the impact of business operations on conflict dynamics in resource rich developing countries. It addresses how foreign investments can exacerbate conflicts by favoring one group over the other, engaging in human rights abuses, or using natural resources unsustainably. On the African continent, several studies have particularly drawn attention to the role of business corporations in 'resource wars' by exploiting oil and mineral resources which have been at the heart of civil conflicts in countries such as Nigeria, Sudan, the Democratic Republic of Congo, and Sierra Leone.[8]

On the other hand, the role of business in peacebuilding has attracted significant attention in academic and policy circles in the last decade. A number of scholars and international organizations made the case for engaging corporations in peacebuilding at the national level.[9] This is often premised on three arguments: the first argument is that business can bring qualities and capacities that could complement the efforts of other actors. The second argument is that business has a direct interest in peace and stability to make use of market opportunities and reduce business costs. The third argument is that business, especially big corporations which are subject to media scrutiny, is concerned with showcasing its commitment to corporate social responsibility through contributing to conflict prevention. Yet, several scholars note that little is known about the actual and precise role played by business in peacebuilding. This role is also often misunderstood and reduced to business economic contribution in post-conflict reconstruction and development.[10]

Less is even known about the actual and precise role of businesses in resolving or increasing international conflicts in general, and conflicts between states sharing transboundary river basins, in particular. Along the lines of the arguments of literature on conflicts at the national level, Aaron Wolf argued that businesses can contribute to mitigating conflicts over transnational water resources because of their transboundary outreach, financial and technical resources, and strategic planning compared to public institutions.[11] Based on these strengths, corporations can be a source of innovation and creativity and can financially support initiatives proposed by riparian states and river basin organizations.[12] In encouraging riparian states to broaden their range of benefits from transboundary cooperation, Sadoff and Grey considered the corporate sector as a catalyst for gaining indirect economic benefits that transcend water resources. According to them, broadening the range of benefits to include these indirect benefits 'beyond the river' can provide an incentive for riparian states to cooperate on, and resolve their disagreements over the utilization of shared water resources. At the same time, companies are beneficiaries of enhanced economic cooperation between riparian states, and thus have vested interests in reducing tensions over water resources to provide a more conducive environment for cooperation in other economic sectors.[13] Apart from these generic statements, no attempt has been made to assess the role that transboundary business cooperation plays in promoting cooperation and resolving conflicts between riparian states sharing transboundary rivers.

According to scholars examining the role of business in building peace at the national and transboundary level, three central questions are key to understanding this role. The first question being to what extent and why may business be motivated to contribute to promoting peaceful relations among communities (or states)? As noted earlier, although companies are primarily driven by their calculus of the impact of conflict on investments, they, especially big corporations, are also keen on showcasing their contribution to public goods and marketing their corporate social responsibility,[14] even if their operations are actually detrimental to local communities. At the transnational level, businesses contribute to peace when they are determined to isolate business relations from politics, lead by example and success, and break new grounds in bilateral relations, even in the absence of progress in resolving political disagreements between governments. This does not mean that business would not seek profit. On the contrary, it indicates that the profit incentive is strong enough to encourage business to take the risk of reaching out to its counterparts in neighboring countries and investing in these countries in spite of tense political relations. In other words, pragmatism may lead business to consciously transcend political realities, adopt a different assessment of the political situation, and develop interests that diverge from the interests of the governments engaging in conflicts or even war.[15]

The second question that helps in understanding the role of business in peacebuilding at the national and transnational levels is: what roles are played by business in promoting peace (or exacerbating conflicts)? Scholars mapped a spectrum of business response(s) to conflicts ranging from sustaining conflict, coping with it, alleviating the negative effects of business operations (the so-called do-no-harm principle), unintentionally contributing to peace through their contribution to development and poverty reduction, and active involvement in promoting peace through lobbying and supporting mediation processes thus acting as 'peace entrepreneurs'.[16] Direct engagements of business in peacebuilding can also be classified into economic, social, and political engagements. Economic and social engagements include investing in development projects and contributing to social services, mitigating social exclusion of specific communities, creating jobs, and reducing poverty. Political engagements often include supporting peace processes through peace advocacy and lobbying, facilitation, and support to negotiations and direct participation in multi-stakeholders peace forums.[17]

The third question relevant to the role of business in peacebuilding is: what factors explain the effectiveness of business as peace entrepreneurs? Scholars identify a number of variables that are classified into three categories. The first category relates to the nature of the conflict. It includes the underlying causes of the conflict (e.g. ideological, identity-based, resource-related, governance-based), its stage, and location. Depending on the causes of the conflict, business can be part of the problem and/or part of the solution. Business interventions and risk management would also vary in pre-conflict, conflict, and post-conflict stages. Additionally, the role of business depends on the location of the conflict in relation to business interest and influence.[18]

The second category is concerned with the characteristics of business, which includes several factors. Strong leadership is seen as an influential factor in promoting peace, especially in international conflicts.[19] Developing bilateral and regional relations may need business leadership committed to developing networks and acting 'against the flow.' At the same time, businesses should also have the capacity to act collectively to increase their impact and maximize their benefits. At the transnational level, cross-border business councils and networks help bring businesses from different countries together. These countries are then able to build trust, develop a sustainable basis for cooperation, and, at the same time, promote business interest in creating wealth.[20] Business' role in promoting peace would also depend on the size and type of business. Big businesses are more influential, but small and medium scale enterprises can also play a role in building peaceful relations at the national and transnational levels. Some business sectors, such as oil and mining are more likely to increase the potential for conflict through their operations compared to others. Finally, business should have a rigorous understanding of the nature of the conflict, the potential cost of the conflict to business, and the potential contribution of business operations to increasing the sources of tensions in the community or between states.[21]

The third category focuses on business's relationship with other actors. This includes the relationship with government. Governmental support to, and coordination with business gives legitimacy and creates the space for business involvement in promoting peace at the national and transnational levels. Other actors include local communities and their representative civil society organizations, and external donors and agencies.[22]

In spite of the relevance of these questions and factors in examining the role of inter-riparian investments in transboundary water cooperation or conflict, two central issues are worth highlighting. First, the preceding analysis clearly downplays the impact of state-business relations on the role of business in transboundary water conflict or cooperation. According to the literature that considers business as a 'peace entrepreneur,' relations with the state is a variable among many others that shape business effectiveness in contributing to peaceful transboundary relations. In examining state-business relations, this literature assumes that business is an independent actor that can lobby governments for promoting inter-riparian economic relations and de-escalating tensions around the utilization of shared water resources.

As the next sections argue, businesses in the Eastern Nile in general, and Egypt in particular, lack such independence and have a limited influence on decisions concerning national economic policies, let alone regional economic relations. However, this does not mean that the business sector has always acted at the behest of the state or conformed to the state's vision of conflict in the sub-basin. Depending on their sector, size, and the size of their proposed operations, corporation's relations with the state and their role in promoting cooperation or exacerbating conflict have varied widely.

Second, in exploring the impact of the conflict on the business sector's peacebuilding role, little attention has been given to the history of the conflict, and how this history has affected the level of trust between states and non-state actors in different riparian states and shaped their perceptions on the possibility of achieving economic cooperation and interdependence. As the next sections show, these factors affect the motivations of inter-riparian investments, the size of these investments and how they are perceived by government and local communities in receiving countries.

The next sections elaborate upon these arguments. After introducing the historical backgrounds, reasons, and nature of tensions over water resources in the basin, the paper examines the size and sectors of Egyptian investments in Ethiopia and Sudan, the incentives of business in promoting economic cooperation between Egypt and the two other Eastern Nile countries, the actual roles played by business in promoting cooperation or increasing tensions, and the related connections with state and local communities.

The conflict: water security, changing hydro-politics, and the role of business in the Eastern Nile

The utilization of the Nile waters has been a source of contention between upstream and downstream riparians for decades. Given its dependence on the Nile River to meet most of its water needs, Egypt considered maintaining its 'acquired share' of the Nile waters as a national security issue. Using its relative military, economic, bargaining and discursive power vis-à-vis other riparian states, and based on historical agreements, Egypt managed to maintain its 'historical rights' in the river and prevent the construction of hydraulic projects that could threaten these rights. In 1959, it signed an agreement with Sudan, the other downstream riparian state, for the 'Full Utilization of the Waters of the Nile.' The agreement divided the river's flow between the two countries after the construction of the Aswan High Dam (AHD), allocating almost two-thirds to Egypt and the rest to Sudan. It stipulated that the two countries would adopt a common position in future negotiations over the Nile waters, thus setting the basis for a bilateral downstream alliance vis-à-vis upstream countries.[23]

This alliance, and the agreements that constituted it, were rejected by upstream riparians, especially Ethiopia. Ethiopia has always claimed that in spite of providing more than 85% of the Nile waters, it has not benefited from these water resources to alleviate poverty. Calling for a more 'equitable utilization' of the Nile water resources, it has defended its right to use these resources to promote development, and, more recently, to achieve energy security through the construction of hydropower projects. Notably also, Ethiopia rejected downstream historical claims based on agreements signed in the colonial era when the balance of power was extremely against upstream countries. This position has been shared by other Nile upstream riparian countries. However, these countries did not have the financial, diplomatic and political capacity to change it.[24]

Following several attempts to foster technical cooperation, Nile riparian countries set up the Nile Basin Initiative (NBI) in 1999 as the first inclusive platform for coordination and consultation between all Nile riparians to achieve sustainable socio-economic development. The initiative implemented various programs to build trust and promote joint management of water resources. However, given complex historical relations, a high level of mistrust persisted. Ethiopia continued to accuse Egypt of supporting opposition groups to prevent Ethiopia from using its water resources to achieve development. Based on historical incidences and given its dependence on the Nile waters, Egypt has often been concerned about the use of the Nile waters by Ethiopia and Sudan to influence Egypt's foreign policies. Although Sudan has remained officially committed to the 1959 agreement, there have been several voices inside Sudan that questioned the fairness of the agreement and criticized Egypt for shaping bilateral relations to maintain its water security rather than seeking win-win solutions.[25]

In the last decade, the dominant hydro-political order in the Nile basin has witnessed significant changes. In 2010, Ethiopia led other Nile upstream countries, namely: Kenya, Rwanda, Tanzania, and Uganda in signing a new comprehensive Framework Agreement (CFA) for the Nile River, in spite of the rejection of some of its articles by downstream Egypt and Sudan. Of particular significance, the agreement does not refer to Egypt's and Sudan's 'historical rights' and includes 'current uses' as one of many other criteria for defining 'equitable and reasonable utilization' of the Nile waters. One year later, Ethiopia launched the largest hydropower project on the Blue Nile, the GERD, without prior notification to Egypt and Sudan. The project sparked off tensions between Egypt and Ethiopia that reached the level of threatening to use military force.[26] Although the three countries signed a Declaration of Principles (DoP) on the GERD in March 2015, the project remains a source of contention with several deadlocks in the ongoing trilateral talks.

In light of these tensions, a number of researchers pointed out the potential role of inter-riparian investments, especially Egyptian land investments in Ethiopia and Sudan in mitigating Egypt's water crisis and integrating the economies of Eastern Nile countries. Given the limited alternative water resources in Egypt (especially green water, which refers to rain absorbed in the soil which can be used in rain-fed agriculture) compared to Ethiopia and Sudan, it was suggested that Egypt could benefit from these alternative sources by increasing its investments in the agricultural sector in the two countries. This would not only increase interdependence between Eastern Nile countries, and thus reduce the likelihood of conflict, but also diversify the sources of Egypt's virtual water imports. The size of these imports is estimated at around 34 billion cubic meters annually according to official figures. At the same time, the virtual water traded internally in the Nile basin is about 2% only of the virtual water imported from outside the basin. This view coincides with literature which proposed virtual water flows as a panacea for water shortage in the Middle East.[28] It is also in line with the nexus literature which emphasized the opportunities of integrating hydropower and cheap labor in Ethiopia, natural resources (especially land) in Sudan, and capital and agricultural industries and irrigation technology in Egypt.[29]

While these proposals may be economically sound, the next sections explore their political feasibility in light of the history of hydro-political relations and the nature of state-business relations in the sub-basin.

Egyptian businesses in Ethiopia and Sudan: size and motivations

Accurate and updated data on inter-riparian investments in the Eastern Nile is not publicly available. As far as agricultural investments are concerned, media sources occasionally cover news on Egypt's land deals in upstream Nile countries, but it is unclear which and how many of the planned deals have actually been implemented. Egyptian official sources confirm that most of these deals, especially large-scale ones have not materialized as a result of political, financial and administrative challenges that hindered the full development of leased areas. As explored later in this section, business land speculation and reluctance to fully develop the leased lands in the absence of guarantees from the Egyptian government are other relevant explanatory factors.[30] Estimates of these investments also differ from one source to the other.

In spite of these challenges, figures provided by investment authorities in Ethiopia and Sudan upon an official request from the author offer an approximate estimate of Egyptian investments in the two countries. These figures interestingly suggest that Egyptian investments in Ethiopia and Sudan have been expanding, albeit not steadily. According to official sources, Egyptian investments in Sudan reached around US$2.7 billion in more than 200 projects by 2017.[31] In Ethiopia, Egyptian investments reached around US$2 billion by 2015, according to Ethiopian sources.[32] The COMESA Regional Investment authority suggests a lower estimation of around US$1.8 billion in Sudan and US$1 billion in Ethiopia, underlining that Sudan and Ethiopia receive more than 60% of Egyptian investment among the member states of the Common Market for Eastern and Southern Africa (COMESA).[33] By 2017, the number of registered Egyptian projects was 75 projects, 41 of which were in the operation phase (see Table 1). Only a few of these companies are large corporations, while the majority are small and medium enterprises.[34]

Table 1: summary of Egyptian investments in Ethiopia by sector and status (2002-2017)

Sector	Total	Pre-implementation	Implementation	Operation			
	No. of projects	No. of projects	No. of projects	No. of projects	Capital in 000 Birr	Perm. Empl.	Temp Empl.
Agriculture	16	7	2	7	27,302	187	379
Manufacturing	37	10	8	19	1,259,966	1,257	883
Education	2			2	4,733	30	0
Health	1			1	9,544	16	10
Tour operation, transport and communication	2	1		1	1,769	15	15
Real estate, machinery, equipment rental, and consultancy service	11		2	9	23,010	112	55
Construction and contracting	6	2	2	2	21,402	639	434
Total	75	20	14	41	1,347,726	2,256	1,776

Source: Ethiopian Investment Commission 2017

In terms of the size of investments, Egypt's investments represent a limited percentage of total FDI stock in Ethiopia and Sudan which reached in 2018 US$22.2 billion and US$27.6 billion respectively.[35] Yet, the figures of Egyptian investments in Ethiopia and Sudan indicate that corporations have been investing regardless of tensions around the Nile and other obstacles to investments. These investments have not only been implemented by private corporations, but also by state enterprises. For example, in 2010, the Arab Contractors, a public Egyptian construction company investing in more than 20 African countries, extended its operations to Ethiopia. The company implemented two road projects; the Ageramariam-Yabelo road (94.5 km) and Yirgachefe- Ageramariam road (72 km). The same company started operating in Sudan in 2004 and constructed a bridge and a cement factory in the Nile State in Sudan and schools and health centres in South Sudan before its independence in 2011. In defining the incentives of investing in Ethiopia and Sudan, the company's representative indicated that Egypt considers its public enterprises as a "soft power tool for rapprochement with other brotherly Nile basin countries."[36]

This incentive refers to the political motivation behind Egyptian public corporations' investments in other Nile basin countries. Evidently, some of the Egyptian investments implemented by state enterprises in Ethiopia have been driven by the attempt to improve economic relations to ease tensions around the utilization of the Nile waters, especially after the crisis of the CFA, and to increase the Egyptian presence in upstream riparian countries and, thus, improve its position in Nile negotiations. These investments, according to some Egyptian officials interviewed would promote economic interdependence. Since Egypt depends on Nile upstream countries, especially Ethiopia, and Sudan, for its water security, increasing interdependence would mean increasing these countries' dependence on Egypt in other sectors. At the same time, Egypt's investment in these countries would prove that Egypt's relations with other Nile basin countries are diverse and not just about securing the flow of the Nile waters.[37]

In light of these factors, the former Egyptian Prime Minister, Ahmed Nazif accompanied by a large business delegation, paid a visit to Addis Ababa in December 2009 amid tensions over the CFA to discuss the launching of new Egyptian investments in Ethiopia. The visit came only three months after a visit of the former Minister of International Cooperation, Faiza Abul Naga together with the Minister of Agriculture and Land Reclamation, Amin Abaza to consider increasing agricultural and livestock investments in Ethiopia.

One of the results of these visits was a proposal to launch a livestock investment project that included livestock fattening and an abattoir for meatpacking and export. The National Bank of Egypt conducted a feasibility study for the project that would be established on an area of 10,000 hectares at a cost of around US$150 million. It suggested a location for the project that would reduce the cost of transportation to the nearest port. Disagreement over the location and lack of response from the Ethiopian government delayed the implementation of the project.[38] Around the same period, the agricultural company of the National Bank of Egypt started a project in Sudan to cultivate 5,000 feddans (2,100 hectares) with the aim of presenting a model that would encourage other Egyptian investors to follow suit and increase their large scale agricultural investments in Sudan.[39]

Yet, in spite of their contribution to improving economic relations, investments by Egyptian public enterprises remain limited and thus, unlikely to achieve their political ends of influencing other countries' positions on Nile-related issues. While interested in showing its commitments to improving diverse economic relations with Ethiopia and Sudan, the Egyptian government, according to some Egyptian officials, cannot funnel huge investments to projects that can be used as a means to pressure Egypt at time of tense hydro-political relations. Historical relations, especially between Egypt and Sudan, provide several examples of projects that have been affected by fluctuating political relations. The Damazin project, the leading scheme of agricultural integration between Egypt and Sudan in the Blue Nile state is a case in point. The project, which dates back to the mid-1970s, has gradually faded away as a result of bilateral political tensions and bureaucratic complexities. The two governments have failed to sustain funding to develop the infrastructure of the project and disagreed on its management structure. Occasional political tensions have resulted in the lack of political will to revive the project.[40] More recently, the Egyptian government decided to launch a project for meat processing and export in the White Nile state to increase virtual water imported in livestock from Sudan. The project, which was proposed in 2011 has however not materialized.[41]

In other words, business, especially public Egyptian enterprises, in other Eastern Nile countries have faced the dilemma of balancing the desire to show goodwill, and promote interdependence to improve its negotiating position on the one hand, and overcoming the historical mistrust and protecting economic interests in these countries on the other. On their part - as explored later - while generally welcoming Egyptian investments in some sectors, Ethiopian and Sudanese governments have not been forthcoming in major projects that could truly integrate the economies of the sub-basin, a position that can also be attributed to the lack of mutual trust.

Most of the Egyptian investments in Ethiopia and Sudan are carried out by private investors. The interviewed representatives of Egyptian private companies investing in Ethiopia cited the motivation of improving bilateral relations with Ethiopia as a country of strategic importance to Egypt's water security as one of the motives for extending their operations to Ethiopia. However, the primary motives behind their investment decisions were related to business opportunities in Ethiopia made possible by the expanding economy, size of the market, attractive investment climate, and good logistical connections with other African countries.[42] The Africa director of a large Egyptian company investing in the field of electricity emphasized that the company takes decisions based on business efficiency rather than political considerations. In spite of tensions between Cairo and Addis Ababa over the Nile, the company selected its Addis Ababa branch as the hub for its operations in Anglophone Africa. According to the company's representative, operating in Addis Ababa the host of the headquarters of the African Union allows the opportunity to meet government officials from other African countries and facilitates business deals with these countries. Interestingly also, the company, according to its Africa director, acts as a multinational rather than an Egyptian company. In Ethiopia, as in other African branches, the company appoints nationals to its leading administrative positions.[43]

In Sudan, representatives of Egyptian companies interviewed have also pointed out the limited impact of tense political relations between the incumbent regimes in Cairo and Khartoum on their business. According to them, in spite of unfavorable investment climate, personal connections with government officials at state and federal levels can facilitate the setting up and running of business.[44] Some big corporations, including El-Sewedy Electric invest in partnership with the Sudanese government.[45]

These testimonials indicate that some Egyptian corporations have their own assessment of risks and opportunities for strengthening relations with Ethiopia and Sudan which differ from the government's view of the two countries as sources of potential threats to Egypt's water and national security. For big corporations with multinational investments, corporate identity as MNCs may also be stronger than the company's identity as an Egyptian corporation that act at the behest of the government. This fact does not suggest that Egyptian private business is an independent actor that can influence government decisions and foreign relations. Yet, it indicates that business may be more ready to escape the heavy historical baggage and political oscillations and move more eagerly to reap business opportunities.

At the same time, although hydro-political tensions, especially between Egypt and Ethiopia, have not significantly affected investment decisions of private corporations, they may have affected the investment strategies of these corporations. More than half of the Egyptian projects registered in Ethiopia are implemented in partnership with other international (e.g., Canadian, German), regional (e.g., Saudi, Emirati), or national investors.[46] According to Egyptian official sources, although the preference of engaging international and local partners is sector dependent, it is generally meant to reduce political risk associated with the volatile domestic politics in Ethiopia and hydro-political relations between Egypt and Ethiopia. Owing to these reasons, Egyptian corporations exploring business opportunities in Ethiopia are often advised to direct limited investments in projects that produce quick profits.[47]

Hydro-political tensions between Egypt and Ethiopia have also affected the scale of investments. In 2009, before the Ethiopian government initiated its industrial parks, El-Sewedy Electric, a large Egyptian company investing in Ethiopia since 2007, proposed the establishment of an Egyptian industrial zone in Ethiopia that would include tens of Egyptian factories. Although a memorandum of understanding was signed between the two governments to set up the zone and pre-feasibility studies were finalized with proposals made to the Ethiopian government to establish the zone in Oromia region, no progress has been made towards its establishment. However, the Ethiopian government has officially declared its support for the project. In his last visit to Cairo, the former Ethiopian Prime Minister, Hailemariam Desalegn, indicated that the zone would be welcomed to strengthen economic and trade ties between the two countries.[48] Senior Ethiopian diplomats confirm that Ethiopia is committed to work with Egypt in all areas.[49] However, a former Ethiopian Minister and Ambassador to Egypt admitted that some areas of cooperation are politicized and that more trust needs to be built to promote cooperation in these areas.[50] As far as the Egyptian industrial zone is concerned, the Egyptian side believes that the final approval for the establishment of the zone in the proposed location would need a political decision that Ethiopia is still hesitant to take. At the same time, as noted earlier, the Egyptian business is hesitant to locate a massive investment in

Ethiopia that can be held hostage to potential escalating tensions over the Nile waters,[51] or to unstable domestic politics.[52]

Egyptian business and hydro-political relations in the Eastern Nile: roles and effectiveness

The figures on Egyptian investments cited in the last section indicate that some private businesses have tried to isolate their operations from political disagreements between the riparian countries, while public enterprises launched their operations to improve bilateral relations and create interdependencies that may reduce the probability of escalating tensions in the future. Even if these public and private investments do not have a direct impact on water conflicts, they indicate that relations between the three Eastern Nile countries are not just about tensions over the Nile waters and that there are other promising aspects in their relations that can be celebrated and developed. In other words, although the direct impact of these investments on resolving conflicts over the Nile water cannot be exaggerated, they contribute to diversifying relations between riparian states.

Another role that is evidently played by business corporations is integrating the economies and comparative advantages of the three countries. Egyptian companies investing in Ethiopia in sectors where Egypt enjoys a comparative advantage, such as chemicals, pharmaceuticals, and power, transfer their expertise to Ethiopian labor through training, and benefit from the cheap labor, high market demand and expanding potential of these sectors. In 2016, a joint conference held in Addis Ababa, that brought Egyptian pharmaceutical companies to explore opportunities of investing in Ethiopia was followed by the registration of a few Egyptian companies in the Ethiopian market in this sector.[53] In other industries, such as textile, a number of Egyptian businessmen are recognizing the potential benefit of cooperation with Ethiopia through regional supply chains.[54] An Egyptian investor in the textile industry revealed that a number of Ethiopian investors in the diaspora have shown interest in setting up Egyptian-Ethiopian joint ventures in Ethiopia's emerging industrial parks that integrate Egyptian expertise and Ethiopian capital.[55]

In this context, a number of Egyptian companies have been awarded projects with significant developmental impact on host communities. El-Sewedy Electric Company, for instance, extended transmission lines to the Somali region in Ethiopia, a national project that cost US$270 million in a historically marginalized region in a country suffering from energy poverty. According to its representative, the company has achieved success in its operations in Ethiopia that it is considering the establishment of a technical academy to train Ethiopian students in different fields of industry.[56] This would provide another example of integrating Egyptian technical expertise with Ethiopian human resources. A smaller company working in the same sector has co-operated with Ethiopian corporations affiliated with the Ethiopian military, an indication of the willingness of the Ethiopian government to deal with Egyptian companies that offer the best quality with good prices.[57] In the agricultural sector, Egyptian companies investing in Sudan claim to have used advanced technologies to increase productivity.[58]

On the other hand, however, operations of some Egyptian businesses have raised debates about their role in creating tensions between the host state and local communities and increasing the already tense relations between Egypt and other Eastern Nile countries. This is particularly the case with Egyptian agricultural investments in Sudan. In the framework of its rhetoric that presented Sudan as the breadbasket of Africa and the Arab World, the government in Khartoum has repeatedly called upon Egyptian investors to invest in the field of agriculture in Sudan to contribute to regional food security. Former President Omar Al-Bashir frequently proposed integrating Sudan's land and water resources, Egypt's expertise and human resources and Gulf capital to achieve this aim, especially after losing the wealth accruing from oil after the secession of the South.[59] This proposal was reiterated by a number of interviewed senior Sudanese officials, who also blame Egypt for its limited investments in agriculture.[60] At the popular level, the view towards Egyptian agricultural investment may have been different. A former Sudanese diplomat argued that Egyptian agricultural investments have often been met with skepticism from local communities that feared their impacts on their livelihoods and questioned the Egyptian motivations behind these investments.[61]

This view is supported by Sudanese scholar and activist Muhammad Jalal Hashim, who reported the mid-2000s resistance of the Sudanese Nubians against Egyptian-Sudanese plans to lease more than one million feddans in Wadi Halfa in the Northern state of Sudan near the Egyptian border to Egyptian investors. According to Hashim, these plans concerned Sudanese Nubians, who feared being forced to give up their lands to Egyptian farmers to satisfy Egypt's 'expansionist ambitions' in Sudan.[62] Hashim went even further to claim that the Egyptian and Sudanese governments were collaborating to change the demographics of Northern Sudan by vacating lands in the area to be repopulated by Egyptian farmers.[63] These criticisms of Egyptian agricultural investments in Sudan were rife in the last decade during the negotiations of, and in the aftermath of signing, the four freedoms agreements between Sudan and Egypt in 2004. This gave Egyptian and Sudanese citizens freedom of movement, residence, work and ownership in either country.

In light of other declared plans in 2010 to develop one million acres by Egyptian public and private corporations in Gezira scheme, another scholar criticized what he considered an Egyptian attempt to weaken Sudan by exploiting its water and land resources to the benefit of Egypt only. For him, Egypt follows a "selfish and narrow strategy" that aims at using Sudan lands and water and Egyptian farmers to feed its growing population at the expense of Sudanese farmers.[64] Since these plans for large-scale investments never materialized, owing partly to local resistance, there is little evidence to support these claims about the motivations of Egyptian and Sudanese governments and the intended scope of these plans. Yet, these criticisms and concerns can be understood in the light of complex hydro-political relations between Egypt and Sudan, including the legacy of the Anglo-Egyptian condominium in Sudan in the beginning of the twentieth century, the border dispute over Halaib triangle, and the displacement of Sudanese and Egyptian Nubians to construct Aswan High Dam (AHD) a few years after Sudan's independence. They suggest that rather than reducing tensions, business operations may be adding fuel to already tense and complex historical relations.

There are other assessments of Egyptian agricultural investments in Sudan. A Sudanese scholar had, however, argued that the concerns of local communities about the impact of investments on their customary rights and their exclusion from decisions concerning the investment apply to all foreign investments and are not confined to Egyptian companies.[65] The director of an Egyptian agricultural company investing in the state of Khartoum agrees with this assessment noting that by providing social services to local communities his company was able to gain their trust and support.[66] A number of studies made passing references to the fact that Egyptian investments, like other foreign investments have infuriated locals who lost their lands and job opportunities to pave the way for big capital-intensive schemes and often face challenges related to the complex social composition in investment areas.[67] Unlike views cited above, these assessments indicate that there is nothing specific about the role and impact of Egyptian agricultural investments in Sudan and that local tensions that may be created by these investments are common in response to other investments. In other words, Egyptian investments can be understood in the broader framework of a land rush associated with the 2007-2008 world food crisis. It is with this new wave of land rush (accompanied by corporate consolidation in the agri-food system) that the rhetoric of presenting Sudan as a breadbasket of the Arab world resurfaced attracting agricultural investments from water-poor Gulf countries and other neighboring countries, including Egypt. Even within this broader approach, Egyptian business would still be contributing to escalating tensions by competing with other foreign investors to use Sudan's land and water resources regardless of the social implications of their investments.

While the role of Egyptian corporations operating in the agricultural sector in instigating resistance at the local level and adding more tension to complex bilateral relations is uncertain, the role of Egyptian businesses working in different sectors as lobbies is less debatable. There is no evidence that Egyptian business in Eastern Nile countries has become a strong interest group with regional interests that can lobby the Egyptian government to sustain and improve economic cooperation and reduce conflict over water resources. Three reasons may have affected the effectiveness of business to perform this role. The first reason has to do with the lack of a strong leadership and collective action. There seems to be no particular leading figures or companies to take on the responsibility of improving business networks and expanding bilateral and regional business relations. At the same time, most Egyptian investments in the region are driven by separate initiatives from individual companies rather than reflecting a collective effort to promote economic cooperation between the three Eastern Nile countries. As Amany Asfour, the Secretary General of the Common Market for Eastern and Southern Africa (COMESA) Business Council noted, Egyptian businesses do not coordinate their efforts to secure better terms and sustainable links with host African countries, including Nile basin countries. This stands against business models of other regional powers, such as Turkey, whose private corporations work collectively and with the political backing of the state.[68]

The weakness of collective action is also reflected in the limited role of bilateral business councils. The role of the Egyptian-Ethiopian business council is as admitted by its members, weak.[69] According to an Egyptian member of the council, the council has not been convened since its new members were selected in 2015.[70] The new formation came in the wake of President Abdel Fatah el-Sisi's visit to Ethiopia after signing the DoP on the GERD, which promised to open new avenues for cooperation on and beyond the dam. The council was supposed to play a more active role in promoting business relations and opening a new chapter in bilateral relations after years of tensions following the unilateral construction of the GERD. Melaku Juhar, the Ethiopian trade and investment promotion manager of the council attributes its weakness to the volume of Egyptian investments in Ethiopia, which is still limited in spite of its expansion, and the size of Egyptian companies, most of which are, as noted earlier, small and medium enterprises. In this context, the role of the council has almost been confined to assisting Egyptian and Ethiopian companies that aim at starting up businesses in either countries, with little, if any, role in advocating policies that could build sustainable bilateral economic relations.[71] These business councils are also significantly under-capacitated. The trade and investment promotion manager of the Egyptian-Ethiopian Business Council highlighted that the council does not have a database of Egyptian corporations investing in Ethiopia. Forming and updating such a database would need human resources not available to the Council.[72]

The second reason for the limited impact of business on bilateral and regional relations in general, and hydro-political relations in particular is that most of the Egyptian corporations in Sudan and Ethiopia are not investing in sectors that would directly mitigate tensions over water resources in the sub-basin, a fact that may relate to the individual character of these investments. As noted earlier, it was suggested that integrating Egyptian agricultural technology and experienced labor with Sudanese lands and non-Nilotec water resources could contribute to water and food security in the two countries. Yet, in terms of the number of projects less than 10% of Egyptian investments in Sudan are in the field of agriculture and livestock.[73] According to official Egyptian sources, apart from a few large-scale investments by big companies, such as Qalaa Holdings (previously Citadel Capital), only small-scale lands are leased in the Northern state (ash-Shamaliyyah) and River Nile state (Nahr al-Nil). Additionally, given the high cost of cultivation in Sudan, both big and small companies prefer to cultivate only part of their leased lands.[74] Qalaa's subsidiary Sabina is cultivating only a few thousands of its 324,000 feddans in Sudan. Its operations in South Sudan through Concord Agriculture which leased 250,000 feddans have been halted in the wake of the civil war in 2013.[75] Contrary to some scholarly assessments,[76] there is little evidence that Egypt has adopted a new a business-oriented strategy that focuses on increasing land investments in other Nile basin countries to mitigate pressure on its water resources.

Interestingly, based on their calculation of profits, these companies are often producing for the local market or for export to regional markets, rather than exporting to Egypt to contribute to its food security and reduce its water needs.[77] Qalaa Holdings' subsidiary Wafra cultivates cash crops for sale in the local market.[78] The agricultural company of the National Bank of Egypt cultivates fodder for sale in the local market and export to Gulf countries.[79] Thus, as noted earlier, business has been driven primarily by its desire to maximize profits, rather than by the needs of the Egyptian market, and the imperatives of regional cooperation and peacebuilding. Cultivating for export to Gulf countries particularly reflects the paradox of having business from countries competing for and complaining about scarce shared water resources involved in using these resources to feed other countries. By increasing water demands, this factor constitutes an additional variable for escalating rather than reducing the potential of conflict.

Yet, the most important reason for the limited impact of Egyptian business on official policies in Eastern Nile countries relates to the very nature of state-business relations. State-business relations in Egypt are characterized by strong regime ties with a limited number of business cronies. Under this system, the broader independent medium and small businesses struggle to access capital or influence policies.[80] In the three decades of Mubarak regime, especially in his last decade in power, the state has co-opted a small constituency of businessmen that benefited from its policies to install a system of monopoly in return for the financial support to the regime. But even politically connected business had limited influence on the making of laws and policies.[81] The implications of this model of state-business relations on business role in the Eastern Nile is discussed in the next section.

State-business relations and the role of Egyptian business in Eastern Nile cooperation

Business does not act in a vacuum. The role of business in promoting cooperation between Eastern Nile countries does not only depend on the characteristics of business, but on the role of other actors. The previous section shed light on how the response of some local communities in Sudan have affected planned Egyptian agricultural investments. This section focuses more on the role of the state in promoting or hindering the role of business as 'peace entrepreneurs.' Most Egyptian government officials interviewed highlighted the potential role of the private sector in promoting Egypt's presence in Africa in general, in the Eastern Nile countries in particular, and the importance of supporting this role and providing the necessary guarantees to Egyptian investors.[82] A number of Egyptian and Sudanese officials and technocrats admitted that one of the main limitations of joint economic projects, including the agricultural project in Damazin, is that they were top-down schemes dominated by governments. They recognize that in order to develop more sustainable and dynamic economic relations, a social base of business interests supportive of these relations have to be advanced.[83]

However, most representatives of Egyptian companies interviewed complained that there is no adequate government support for their investments in Sudan and Ethiopia, in terms of providing guarantees to protect these investments or lending political support to business initiatives that bring together private businesses from different Nile basin countries in general, and Eastern Nile countries in particular.[84] A representative of a textile company highlighted that the Egyptian government does not seem to be convinced that the private sector should take the lead in integrating the economies of the Eastern Nile,[85] an attitude that may reflect the state's tendency to control business illustrated in the last section. Another representative of a company in the same industry attributed the lack of state support to business to the lack of a vision by the state for benefiting from the economic rise of Africa in general and Ethiopia in particular, in the last decade. According to him, formal regular meetings between the government and businesses have not developed a dynamic plan for Egyptian business expansion southwards and ensured government-business coordination to implement it.[86]

Political support and guarantees are particularly needed to protect agricultural investments in Sudan given their high cost for Egyptian investors compared to other investors from Gulf countries, for example. Some Egyptian investors depend on groundwater-based agriculture, which is costly, given the rising prices of energy in Sudan. This is in addition to the high cost of imported agricultural inputs and machinery owing to instability of exchange rates, limited availability of foreign currency, high tariffs, and until recently, the international sanctions on Sudan. Additionally, Egyptian investors and small farmers face increasing difficulties in importing experienced Egyptian agricultural labor to work in Sudanese lands given the restrictions imposed by Egyptian security institutions.[87] These restrictions are enforced in spite of the existence of the four freedoms agreement which should have guaranteed freedom of movement and work by Sudanese and Egyptian workers in either country, another indicator of how state control affects bilateral business cooperation. According to Sudanese officials interviewed, these restrictions also give the Sudanese side the impression that the Egyptian government is discouraging its businesses from investing in Sudan.[88]

The lack of a clear vision on the role of business in promoting relations with Nile riparian states and sustainable political support to this role also gave Egyptian business policy in the region an individual and sporadic character. For example, the expansion of the Arab Contractors into many African countries, including Ethiopia, is largely attributed to the vision of Ibrahim Mahlab, the former Chief Executive Officer of the company from 2001 to 2011,[89] and former Prime Minister of Egypt (2014-2015). The exploration of business opportunities in Ethiopia and Sudan in 2009-2010 referred to earlier was partly attributed to the view of the former Minister of International Cooperation, Faiza Abul Naga, who sought to encourage business investments in the two countries.[90]

After the Egyptian Revolution of 2011, Egypt's business policy in the Nile basin in particular, and in Africa in general, may have been affected by the frequent changes of governments. According to a senior official at the Ministry of Water Resources and Irrigation, the ministry proposed an initiative in 2015 to boost Egypt's agricultural investments in the African continent and coordinated with the ministries of agriculture and foreign affairs and with business to implement this initiative. After several meetings, a proposal was presented to the cabinet for the establishment of a permanent governmental mechanism to support and provide guarantees to Egyptian investors in this sector.[91] It was only in 2019 that Egypt set up an Africa Investment Guarantee Fund to promote investments by Egypt's corporations in the continent. It remains to be seen whether the fund would provide the missing financial and political support to business operations in Africa in general, and the Eastern Nile countries in particular.

Business relations with host states are no less important. As noted earlier, clientelist relations with the government in Sudan have often facilitated the establishment and running of foreign businesses. Yet, the reasons of the high cost of agricultural investment illustrated earlier indicate the poor investment climate, in spite of the rhetoric of transforming Sudan into the breadbasket of Africa and the Arab world championed by Al-Inqaz regime in the last two decades.[93] It is too early to tell whether the fall of this regime would improve the business climate. In Ethiopia, public investment has been the engine of the accelerated economic growth in the last decade, a central feature of the country's developmental state model. In spite of its success in attracting foreign direct investments through improving the business environment, restrictions in credit, foreign exchange markets, and investment locations have disincentivized some businesses.[93] Whether the rise of the reformist leader Abiy Ahmed and his plans to open-up the economy for the private sector could provide more incentives for foreign investors remains to be seen.

Conclusion

Literature on business and conflict at the national and international levels has often considered corporations as either conflict agents that exacerbate tensions around the access and distribution of natural resources or peace entrepreneurs that build trust and create shared visions and interests. In the framework of changing hydro-politics of the Nile basin, scholars have tended to view international corporations as land and water grabbers whose investments could increase tensions between riparian states. In contrast, inter-riparian investments that could increase regional virtual water trade, especially by Egyptian businesses in the agricultural and livestock sectors in Ethiopia and Sudan were considered as potential means of reducing pressure on Egypt's water needs, and thus of managing the conflict of interests between riparian states in the Eastern Nile. This paper illustrated how Egyptian corporations in Sudan and Ethiopia have actually played various roles with different impacts on conflict within and between the Eastern Nile countries. Data on expanding Egyptian investments in Ethiopia and Sudan suggests that some companies have experienced more opportunities than risks in extending their operations to other Eastern Nile riparian countries. Within the limits of the data collected, it can also be suggested that some of these public and private corporations have positively contributed to diversifying relations, supporting development efforts in hosting countries, and integrating the economies of the three countries. Their operations support the argument that conflict and cooperation coexist in transboundary river basins in general, and the Nile basin in particular.[94]

However, these positive roles of business have not been translated into reduced tensions over the utilization of shared water resources in the basin. In other words, some corporations have evidently managed to isolate business from politics and start new business operations in Ethiopia and Sudan amid political divide between the three countries. Yet, there is little evidence to support the presumed causal relationship between increasing regional business operation and the de-escalation of conflict proposed by literature on the peacebuilding role of business. The paper attributes this conclusion to two reasons. First, the hydro-political context in the Nile basin is characterized by the persistence of historically-rooted mistrust, in spite of several attempts of cooperation. This mistrust hinders the further expansion of Egyptian business operations, especially by public corporations in Ethiopia and Sudan, in spite of Egypt's desire to increase its presence in the two countries to ease tensions over the Nile waters. On the part of Ethiopia, mistrust and politicization of economic cooperation may have hindered the expansion of the scale of cooperation by, for example, the establishment of the Egyptian industrial zone, in spite of welcoming individual investments by Egyptian companies. In Sudan, resistance also came from local communities which contributed to blocking a number of large-scale Egyptian investments in the agricultural sector proposed in the last decade. These positions indicate that even if interdependence is economically desirable as the virtual water and nexus literature suggest, it is not yet politically feasible. Building trust through resolving historical disagreements over the utilization of the Nile water would be a necessary step to expanding economic cooperation and inter-riparian investments in the sub-basin. The recent regime changes in Sudan and Ethiopia presents a real opportunity for the three countries to transcend the negative historical legacy and offer compromises to reach win-win solutions that could serve as a basis for interdependence in various sectors.

Second, the peacebuilding role of business is premised on the effectiveness of business and its influence on decision-making, a factor largely missing in the Eastern Nile given the clientelist relationship between state and business, lack of business independence, and challenges facing Egyptian businesses, among other foreign corporations in Sudan and Ethiopia, including political instability in the two countries in the last few years. Weak joint business councils in the sub-basin and the lack of collective action, which can also be partly attributed to state control, have also contributed to the weak role of business as a lobby for peace.

Equally important, some business operations have contributed to conflict within and between countries in the sub-basin. Whether for the sensitivity related to historical bilateral relations or to resistance against the socio-economic implications of foreign agricultural investments in general, some local communities in Northern Sudan have mobilized against proposed Egyptian large-scale investments. Given that bilateral relations cannot be confined to official links between changing governments, the suggestion that inter-riparian investments can increase tensions within the countries of the sub-basin can hardly be convincing. Other Egyptian investors are using Sudanese lands and water resources to cultivate fodder for gulf countries, thus increasing demands for water in, and virtual water exports to countries outside the basin and adding another potential factor for conflict.

Based on the findings of this study, a number of recommendations can be offered. At the research level, more empirical, project-specific studies are needed to close the knowledge gap on the role of business in promoting Eastern Nile cooperation and their relationship with both governments and local communities, especially with regards to testing the different views concerning the Egyptian agricultural investments in Sudan. Since building trust is an incremental process that needs time, it will be worth analyzing how expanding inter-riparian investments can create shared interests and reduce the potential of confrontation on the long run. In the same context, although successful business corporations are yet to provide strong leadership that could encourage other businesses to follow suit, they can lead by example through disseminating information about their experiences in host states and societies. At the policy level, engaging local communities in the planning stage of these investments would reduce possibilities of misinformation and promote the contribution of inter-country investments to serving local needs.

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