

EGYPT'S 2022–2026 IMF ARRANGEMENT: A LEGALITY ASSESSMENT UNDER INTERNATIONAL INSTITUTIONAL LAW AND THE EGYPTIAN CONSTITUTION

Dr. Osama Abdelfattah¹, Dr. Osama Hamza Mahmoud Abdel Fattah²

^{1,2}Associate Professor of Public International Law
Vice Dean, Faculty of Law, Helwan University, Egypt
Phone: +20 2 3596432
Mobile: +20 11 14854169
osama_hamza@law.helwan.edu.eg¹
osama_ham@hotmail.com²

Abstract

This paper examines Egypt's 2022-2026 loan agreement with the IMF in order to establish, whether it (the agreement) is legally and democratically valid under international institutional law and under Egyptian Constitutional Law. The issue then is if any compatible limits placed on state sovereignty and local constitutional protections had been really maintained with respect to the Fund's authority to interpret and enforce structural adjustment conditionality. Based upon the institutional grounding of IMF conditionality with Article 151 and Article 127 of Egypt's Constitution, this article shows that compliance with IMF agreements is not merely procedural (international), but rather it entails active engagement in national constitutional supervision.

The paper focuses on the controversial IMF conditionalities, highlighting its nature and extent as well as the structural adjustment it enforces and its legitimacy in sovereign countries. It also highlights the tension between state acceptance and structural coercion of IMF loans, suggesting that legitimacy is a result of democratic accountability in the recipient country. Despite this, as the Egyptian example (like many others that have been through IMF programs) suggests, there is a broader problem that global financial governance, and particularly conditionality, is hard to square with domestic constitutional guarantees and sovereign rights.

Keywords: IMF conditionality; structural adjustment; international institutional law; Egyptian Constitution; sovereign consent; economic governance; legitimacy of international agreements

1-Introduction: The Structural Adjustment Programs (SAPs) and Economic Sovereignty

The relationship of international finance institutions to domestic constitutional orders has always been a question of legality and legitimacy. There is perhaps no greater tension that is visible on the face of agreements between the International Monetary Fund (IMF) and borrowing states than conditionalities attached to structural adjustment program, which features conditions perceived as challenging the sovereignty of nation-states. Egypt's 2022–26 IMF program offers a timely example of ways in which international economic governance connects to constitutional obligations under Egyptian law.

What is new in this paper is its interdisciplinary perspective: it takes seriously that IMF conditionality is not just an economic matter or a political one, but a legal problem

which stands at the crossroads of international institutional law and domestic constitutional law. Despite this, despite the voluminous writing on IMF conditionality, its economic consequences and political economy dimensions, there has been remarkably little work done on what would seem to be the dual filter of international legality and constitutionalism.

The primary objective of this article is to assess the legality and legitimacy of Egypt's new IMF programme from the perspective of both international institutional law and the Egyptian Constitution. In particular, I want to (i) determine the institutional foundations of the IMF's jurisdiction to condition loan giving, (ii) evaluate whether or not this jurisdiction is consistent with assumptions regarding sovereignty and domestic constitutional practice, and (iii) explain how Egypt's case illustrates wider problems of democratic accountability in global financial governance.

International assistance the country signed a four-year extended fund facility (EFF) arrangement with the IMF in December 2022. A central issue of this paper is to what extent the conditionalities attached to international financing – notably in the context of structural adjustment or reform programmes – comply with conditions of legality under international economic law and for that matter with essentials of state's economic sovereignty especially taking into consideration the Egyptian constitutional setting (principally Article 127).

2-International Donor Institutions: Between Support and Control

The International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD) are considered two of the "most influential" international institutions created by the United Nations 1944 Bretton Woods Conference. Instituted pursuant to binding multilateral treaties between them and their founding State, they are firmly grounded in international public law, and doctrine as well as case-law acknowledges their separate legal status (IMF, 2020, pp. 100–110).

As "specialized agencies" within the meaning of Article 57 UN Charter, such institutions are confronted with a double legal challenge. On the one hand, the UN institutional system membership grants them international legitimacy and implies commitment to support the purposes and principles of the Charter (the respect for sovereignty including non-interference into domestic affairs Article 2(7) as well as human rights enhancement Articles 55 and 56). However, as these institutions are themselves legally autonomous -created by separate treaty from the UN Charter- it is uncertain how binding such principles may be or what they fundamentally are (legally) (UN, 1945).

Another aspect of the dimension relates to the establishment of hard fiscal constraints, for instance through legally binding caps on budget deficits or public-sector wage bills (Ghazi, 2005, p. 123). Egypt's 2023 accord obliged it to progressively reduce its deficit despite inflation-driven pressures and a world food emergency that handcuffed officials' ability to respond (IMF, 2023, pp. 45–55). Together these factors illustrate that conditionality as moved beyond advice to become a regulatory instrument with implications for national policy making.

Under this structure, international legal literature finds itself the subject of two opposing views in respect of the norms and obligations applicable to international monetary institutions. The first, typically referred to as the Charter-based approach argues this based on the fact that as specialised agencies of the United Nations both the IMF and World Bank are legally obligated to adhere to all principles of the UN Charter – including respect for human rights and economic sovereignty. (Charnovitz, 2006; Woods, 2006).

The second school, in sharp contrast, is that of the independence camp, who maintains that international financial institutions are independent organs whose legitimacy stems exclusively from their own constitutional instruments and not from the UN Charter. According to this view, they should only be judged in the light of their constitutive instruments and not with the broader background of international legal norms. In reality, institutional behavior has closely corresponded to the second approach: the IMF and World Bank routinely rely on their “internal rules” to rationalize an enlargement of their involvement in members’ domestic economies (Strange, 1994, pp. 68–78 ; Vines, 2017). Yet the increasing chorus of human rights advocacy and scholarship in recent years has resurrected calls for grounding the legitimacy of international financial institutions in general international law and in UN system principles so that they do not remain self-contained creatures immune from global accountability (Zangl, 2008; Ebert, 2015).

International financial institutions, especially the World Bank and International Monetary Fund (IMF), are constituted as treaty-based international organizations 4 which endow them with international legal personality and make them, on paper at least, subject to the rules of public international law. They must, at least in principle, respect their constitutive treaties and such general principles as state sovereignty and non-intervention, and can theoretically be held to international account for wrongful acts (Klabbers, 2013; Peters et al., 2020, pp. 105–110). In practice, however, these institutions that have over-stepped their financial roles and emerged as supranational agents with the ability to directly shape national policies; they operate in many ways as actors of global economic governance (Woods, 2014, pp. 175–185).

Klabbers (2009), using the term “unequal delegation”, has gone a step further and notes that states have conferred specific mandates for development or monetary matters (as in the case of other IOs) but institutions have become de jure more powerful than intended (Klabbers, 2009). For example, in many instances the World Bank’s conditionality has called for borrowing states to change national laws or regulations—tax regimes, investment policies—that are legitimately part of a country’s exclusive realm (Kentikelenis et al., 2016; (Gallagher & Kozul-Wright, 2019, pp. 295–300), while the Bank itself faces no commensurate accountability to domestic constitution.

International legal doctrine emphasizes the link between the attribution of international legal personality to intergovernmental organizations and responsibility. Such personality, as the International Court of Justice held in its *Reparation for Injuries* advisory opinion (1949), implies both rights and duties. While no international organization has so far been directly held accountable by the ICJ this implies that international organizations do not enjoy a privileged position at any rate as far as jurisdiction exists international organizations are not above the law (Peters, 2016, pp. 42–53).

3- The Legal Character of Structural Adjustment Agreements

IMF structural adjustment programs like SBAs and EFFs are constructed by idiosyncratic IMF contracts the IMF enters into with its clients. While these are not “treaties” in the sense of the 1969 Vienna Convention on the Law of Treaties, they have all the attributes of institutional international contracts (Helleiner, 2014, pp. 55–60). Under such compacts, the Fund commits funds and the borrowing country agrees to adopt specific trade and industrial policies (Vreeland, 2003, pp. 91–100). Politically, advocates of this argument claim that these are not actually treaties properly so called in any case as they do not require parliamentary ratification, official deposit and are entered into directly between the government concerned and the IMF itself (Stone,

2002, pp. 320–330). This contractual has implications for democracy's legitimacy, since it avoids scrutiny in the legislature.

But an argument against this line of reasoning is that the binding norm of membership arises from two sides: Thereby it is upon these very agreements, created in the form of their being approved by act of parliament and in treaty with legal guarantees to be executed, that international law also rests, what cannot be undone (Johnson, 2009; Keohane, 2005). FTA, and these are not so-called legal latter obligations in the strict sense; it doesn't work on filing suit to international judicial and arbitral organizations. Instead, reports depend on political and economic considerations, such as blocking disbursements or credit rating reductions - at least in that portion of the world where we think ourselves assured an investment will be recognized. This makes these agreements politically and economically sanctioned rather than based on legal principles.

This contract-based character is in stark contrast to classic intergovernmental treaties, such as among others Bilateral Investment Treaties (BITs) which are legally binding (mostly requiring parliamentary approval) and induce a clear set of obligations under international law (Salacuse, 2007, pp. 101–110). By comparison, IMF arrangements are negotiated for the most part between the executive authorities of the borrowing country and the Fund, with relatively little legislative restraint or public oversight (Vreeland, 2003, pp. 91–100). This has been a reason why many scholars call these agreements 'soft' international arrangements, one that reflects their hybrid character: legally binding in practice but structurally biased in nature through an asymmetrical institutional architecture that constrains the negotiation power of the borrowing state and undermines democratic credibility (Stone, 2002, pp. 320–330).

Another approach would consider these agreements, not as simple financial contracts, but as fiscal-administrative contracts and draw attention to the quid pro quo character of such LRG borrowing: lending is subject to the willingness of a borrowing state/community to adhere to certain policies. That explanation also reflects the realpolitik realities of an unbalanced relationship between a broke state and an economically powerful institution. This then prompts the imposition of conditionalities that are more than financial but are also pertinent to basic institutional reformation of public policies. But to describe these agreements as 'plain vanilla' administrative contracts is overly simplistic, for they are also rooted in a broader institutional legal order in international law that cannot, however, be collapsed into the world of contract (Maqabalah & Helat, 2018).

Structural adjustment packages take the form of hybrid legal instruments, somewhere in between 'hard' treaty obligations, and 'soft' political contacts. In their form and effect, they are similar to international Memoranda of Understanding (MoUs), which do not strictly speaking qualify under the VCLT but have important normative and political effects (Maqabalah & Helat, 2018). Similarly to MoUs, IMF programmes are described as flexible, technical agreements, but they redefine core elements of state sovereignty and public policy. This duality further contributes to the notion that PESA initiatives are legally hybrid in character: contractual, institutional and normative. This begs the issue of how binding these agreements are and Sir Erskine May commenting that in constitutional logic these acts of agreement are non-binding.

This opinion is in conflict with the classical understanding that acts of parliament which are unconstitutional or illegal are void because modern international law, to an ever-increasing extent, uses economic incentives and non-judicial sanctions, not traditional rules on state responsibility. Consequently, the legal nature of these agreements is based on their embedding in institutionalized international regimes regulating state-to-state

relations and ILNOs, notwithstanding that some (not all) may have different enforcement mechanisms than traditional treaties (Vines, 2017, pp. 250–258).

This differentiation is more evident when contrasted with bilateral investment treaties (BITs), which establish binding commitments that can be invoked using international arbitration, as ICSID does (Salacuse, 2007, pp. 101–110). Even though BITs lead to binding arbitral awards and financial sanctions, IMF agreements entail a politically and economically much more dubious ‘soft’ enforcement mechanism revolving around economic constraints and interdependence (Woods, 2006, pp. 1215–1220).

IMF structural adjustment agreements restrict the economic independence of developing nations by forcing them to adopt reforms that encroach upon national sovereignty in policymaking (e.g., subsidies, taxes, and privatization). This impression is in line with the conceptualization of conditionality as structural coercion under a mask” and state consent as formal but illusory. These conditionalities have been criticized on the grounds that they encroach upon the doctrine of non-intervention in internal affairs because their conditions mandate economic and social policies that are more than just fiscal.

Discussing global economic development has clearly helped to lift oppositional categories - including debt and environmental crises, competition/conflict, agreement/disagreement convergence/divergence- through linguistic strategies of legal discourse, we can see a deeper issue as objective. Comparative literature on European and Latin American debt crises also corroborates our arguments, where narrowing of economic sovereignty is based on the political and economic choices made by the member states prior to signing global agreements.

A more modest way of understanding structural adjustment programs is that they are instances of international institutional law. They are not treaties in the traditional sense nor entirely private legal instruments, but procedural devices – usually drafted in a letter of intent or memorandum of understanding – and they have a legal nexus to the IMF’s Articles (Vreeland, 2003, pp. 91–100; Woods, 2006). This conception makes sense of the hybrid character of these agreements, intersecting as they do with public international law and international economic law as well as domestic regulation within institutions (Chayes & Chayes, 1995, pp. 76–87).

The comparative test of different methods shows that this legal character of IMF arrangements, rather than being monolithic, is plural and disparate and reflects a certain ambivalence in the contemporary shape of international economic law (Stone, 2011, pp. 110–120). And they are not pure international contracts that would necessitate parliamentary ratification, but also not mere administrative agreements or simply political commitments without legal value. And yet, they are not technological machines that produce certain effects. Instead, they are international institutional mechanisms of governance that impose particular obligations on the state and mold its domestic policies – and hotly contested debates over sovereignty and legitimacy.

SAPs raise a vexing legal question: When and to what extent can consent be deemed freely given – one of the core necessities of contract validity in international law? As a member, you had to enter the IMF voluntarily, in line with its Articles of Agreement, and so accept all conditionalities attached to borrowing money from the Fund. In fact, state consent token is severely limited in practice by the bleak economic circumstances imposed on states; if it does not sign up for IMF programs, governments face catastrophic economic risks. Some critics claim this scenario is tantamount to economic coercion, in that free agency does not exist.

Proponents of the mutual consent theory assert that conditional stipulations are an aspect of a freely bargained financial arrangement. To make their point, they invoke

cases such as Egypt's 2016 deal, where the government itself solicited IMF aid because it was the only way to achieve macroeconomic stability (IMF, 2017, pp. 15–25). But detractors say such arrangements are made between highly unequal counter-parties, with the borrowing countries being weak and the IMF very powerful. The Fund, frequently backed by strong countries in its directorate, uses a single economic model without consideration of national variations; therefore, some compare these agreements to treaties of adhesion on an international level, where the weaker side cannot choose but accept the conditions (Vreeland, 2003, pp. 91–100).

The rule of law and policy legitimacy of international economic reform comes under increasing scepticism. The emphasis is no longer on the impacts of these programmes, rising poverty and inequality, but on signing up to any agreement. These programs are generally developed in the context of significant asymmetry, with visible power dynamics between international organizations and borrowing countries, all characterized by limited democratic participation or transparency.

In consequence, the process tends to travel in only one direction — the international institution characterizes and defines terms while states are relegated to the role of recipients-processing entities. This has created what might be described as a “legitimacy deficit.” Even when such agreements are legally valid, however, they cannot even begin to satisfy the necessary conditions of legitimacy—real consent, popular acceptance, and domestic responsibility. This gap is displayed in many failed programs, which are resisted collectively when foreign pressure has been removed or falls under political disarray. For instance, as soon as the political situation allowed, certain Latin American governments ceased to implement conditionalities, demonstrating the fragility of the legitimacy underneath these programs (Chayes & Chayes, 1995, pp. 76–87; Pogge, 2007).

The World Bank and IMF continue to stress that their reform programs are conducted by mutual agreement and volunteerism, with these institutions lending support to states in order for them to devise their own plans. Although this model may be applicable in some cases, the evidence is that these programs are frequently external diktats masquerading as agreed-upon contractual reforms (Shehata & Bassiony, 2023, pp. 67–75).

Explicit consent is a clear expression of a legitimacy crisis, and it is always lacking when countries enter into contracts in the context of desperate financial crises which leave no option to accept or reoffer terms. This phenomenon is known as structural coercion (Pogge, 2007, pp. 143–155), when developing states are coerced into favoring the interests of wealthy nations through processes beyond their own control because they are not in a position to do otherwise.

There is also the matter of asymmetrical accountability. In theory, contracts are based on mutual commitments that can be slackened. However, in SAPs, the debtor states are the ones that have to carry through reforms with direct social costs to the population, and international institutions are about disbursing money (loans that need to be paid back with interest). Even more concerning is that there are no mechanisms for holding these institutions to account when their policies do not work or make welfare worse.

Some scholars argue that structural adjustment agreements are "soft international law" (Vines, 2017, pp. 250–258), or even "executive understandings," since they are not traditional treaties or contracts. As Dinah Shelton (2003, 2005) rightly observes, a divide between binding and non-binding obligations must be drawn; to her mind, the agreements are not held together by their names but by an act of exchange: money in exchange for policy change. This view is reflected in recent legal literature emphasizing the contractual nature of such arrangements.

Investment treaties and structural-adjustment pacts are instructive as an analogy. Negotiated transparently and submitted to parliamentary ratification, BITs translate states' reciprocal commitments into binding form. By contrast, structural adjustment agreements are signed at an executive level with little parliamentary oversight, and their obligations are buried in technical policy prescriptions rather than treaty text. They are "contractual" therefore, not pure due to procedure, even when formalized as charters, and live in international law's limelight with partly binding results (Salacuse, 2007, pp. 101–110; Zangl, 2008).

Conditional loan agreements are referred to by some international law experts as "legally hybrid creatures." On one hand, they are reminiscent of commercial contracts involving conditional reciprocal benefits (loan in exchange for reform). They are similar to treaties on the other hand since they operate some general regulations such as macroeconomic or fiscal policies. Proponents of this perspective contend that the IMF and World bank have established quasi-mandatory law for world economy without resort to conventional law making processes. Even if they may look like private contracts between a state and an IO, these agreements are public law instruments that affect the behaviour of states and thus contribute to the making of international economic law.

4- Conditionality and Its Imposition to Create Dependence and Undermine Economic Sovereignty

IMF conditionalities are not compatible with the principle of economic sovereignty, enshrined in Article I § 2 of the recent (1974) UN Charter of Economic Rights and Duties: "Every state has full and complete permanent sovereignty over all its wealth, natural resources and economic activity." This causes tension when the IMF's policy advice, for example on privatization or reducing social expenditure, appears to be inconsistent with commitments states have made under the 1966 International Covenant on Economic, Social and Cultural Rights, pursuant to which "states undertake to protect and promote the socio-economic rights of people" (Woods 2006: 142–145).

Defenders of IMF conditionality stress that these conditions are not a violation of sovereignty and instead emphasize the voluntary nature of such arrangements. They argue that the borrowing country is a willing applicant of IMF financing, signing up for conditions in an international financial contract, when state and fund are equals. But opponents argue that "consent" here is not a matter of free decision but one that people are forced into by financial crisis and the prospect of economic collapse, effectively converting seeming voluntary consent into economic coercion.

Conditionality as an option Even if the consistency of conditionality may be dubious, key themes of international law suggest strong limits arising from core values, namely, the principle of national sovereignty and the protection of people's basic rights. International agreements, for example, in the form of the IMF Articles of Agreement, are based on principles of consensual contract law—only obligations by consent. From this vantage point, conditionality is a step too far, given that the IMF's Articles do not expressly require economic or political conditions to be attached to access financing (Woods, 2006, pp. 1215–1220). Conditionality thus embodies an institutionally created post-facto practice without any formal amendment to the original contract that stands at the base of the relationship between the Fund and its members (Chayes & Chayes, 1995). This results in two legal problems, namely the lack of express textual foundation for conditionality under the Agreement and a possible breach of the principle of legal certainty as a rule applicable in international transactions (Pogge, 2007, pp. 143–155).

By contrast, IMF proponents claim that conditionality is not opposed by the treaty nature of the Agreement so much as it is extricated from the Fund's implicit powers inherent in its role as an organ of interpretation (Vines, 2017, pp. 250–258). Purposes of the IMF According to Article I of the Articles of Agreement, the purposes of the IMF are: to promote international monetary cooperation through a permanent institution which provides the machinery for consultation and collaboration on international monetary problems; facilitation of expansion and balanced growth of international trade, and contribute thereby to avoidance of productive diversion of resources in preparation history (Ghazi, 2005). In this sense, the conditionality of the IMF can be interpreted not as a “clear departure” from the text of the Agreement but as a flexible interpretation that protects its “vital purposes” (Woods, 2006, pp. 1215–1220).

The International Court of Justice (ICJ) has developed its doctrine on implied powers in case law (notably since the Reparations for Injuries case, 1949), which confirms that international organizations possess such a power (ICJ, 1949). Thus, conditionality is not an alien imposition but a valid feature in the wider contract system of the IMF (Vreeland, 2003, pp. 91–100). A more balanced view acknowledges also that today conditionality goes much further than originally foreseen in the IMF's Articles of Agreement. That may erode the strictly contractual character of conditionality, but it is not a repudiation of conditionality.

Instead, it is to be read as an “evolutive” reading that serves the end and aim of the Agreement (Vines, 2017, pp. 250–258). The enforcement of conditionality, however, must be circumscribed by explicit, collective decisions taken by the Fund's Executive Board – instead of being relegated to administrative procedures or to asymmetric bilateral negotiations. It could be put in the form of conditions attached to future agreements or formally approved interpretative understandings, returning the contractual balance and preserving the ability of the IMF effectively to pursue its purposes (Woods, 2006, pp. 1215–1220).

Analysis Some critical discussions have emphasized that sovereign debt has metamorphosed into an institutionalized mechanism of engendering “permanent dependency on debts.

explains that IMF loan agreements are geared toward diverting resources from long-term investment in human or physical capital to debt servicing to perpetuate aid dependency. In terms of regulating the national level, sovereign debt is manipulated as a tool by which International Financial Institutions (IFIs) influence economic policy and keep indebted countries in a cycle of conditionality that constrains their sovereignty over their economic decisions. The IMF therefore is not just a helpless organization, it is an instrument implicated in securing that these states stay on the margin of the world economy as they do not have full sovereign power over their natural resources and their people.

This criticism is reiterated by Stiglitz 2002 as he argues that IMF- enforced rapid privatization and subsidy reductions results in further impoverishment rather than national economic development. Likewise, Chossudovsky (1999) asserts that the IMF funded structural adjustment programs make domestic productive sectors part of the international system and bring states into a vulnerable position within risky global financial markets which strengthens world economic dominance. These criticisms are part of a characterization of the IMF as not ‘a development agency’ but rather an institution to reinforce global economic hegemony ((Stiglitz, 2002, pp. 131–140; Chossudovsky, 1999).

A separate line of criticism is aimed at the IMF for infringing upon the economic sovereignty of the developing countries. Payment conditions for subsidy, monetary and

public finance as well as the climate policies shift the decisions of borrowing sovereigns to be from the outsides rather than by agreement forcing borrowing entities to hand over their autonomy in return for funds. This is a very serious point of legal and political contestation as to whether these conditions themselves are lawful (Pogge, 2007, pp. 143–155; Woods, 2006; Maqabalah & Helat, 2018).

Others, however, argue that the strict conditionalities of the IMF have nothing to do with mechanisms of exploitation per se, but rather constitute security guards who make sure borrowed money is invested in economic reforms that will restore financial control (Vines, 2017, pp. 250–258). Critics argue that the reasons why such adjustment programs have not delivered are not simply owing to the content of IMF policies but because of weak domestic institutions and internal corruption (thus preventing borrowing from being productively employed) (Vreeland, 2003, pp. 91–100).

This debate highlights the dual nature of the IMF. Indeed, many of its policies have so far embedded debt and compromised economic sovereignty. However, the IMF also has an important role in providing balance-of-payments stability. The rest turns on how member states apply the Fund's resources in the service of real reforms at their national levels. This means the problem at stake is not just economic or legal but, indeed, political and it raises a paradox of how to square national sovereignty with global financial interdependence.

IMF conditionality, and in particular structural benchmarks, amount to direct intervention in domestic economic policy and sometimes into controversial aspects such as the divestiture of state-owned enterprises, (trade) liberalization or fiscal reforms. Such moves bind the hands of a state and condition its economy's relation to the world at large. This leads to legal questions as to the extent such interventions are consistent with the sanctity of economic sovereignty.

Some legal experts say these interventions can be seen as a defacto restriction of sovereignty, since the IMF's decisions are not enforced but instead connected to access to funding. There is not much alternative but for states to accept the IMF's diktats in exchange for crucial funding. This is a "Hobson's choice" for borrowing countries: Meet the conditions or go broke (Kapur, 2018; Helleiner, 2014).

Nonetheless, in contrast to the perception that IMF conditionality subordinates' economic sovereignty, one may argue that economic sovereignty is a recognized attribute under international economic law. While states have "consented" to the Bretton Woods Agreement of 1944 and adopted the obligations it provides, such as those on monetary and fiscal policy which are necessary for ensuring financial stability at an international level. From this view, conditionality is not an unlawful interference, but rather an expression of a common obligation to defend the joint monetary assets of the IMF.

Moreover, the exponents insist that economic sovereignty while not an entirely extralegal right has legally circumscribed as states have by their own choice participated in international organizations and undertaken obligations therein. Hence, the use of strings on assistance to secure reforms is regarded as a means to prevent irrational national policies from threatening the international financial system (López & Nogueira, 2019). This interpretation is in line with the 1969 VCLT, as it reflects good faith in respect of treaty obligations and conditionality's role support to reward the correct use of Fund resources in relation to its purposes.

An intermediate position between these two extremes would seem to be the realization that national economic sovereignty and a stable international monetary regime are interdependent. States voluntarily joined the IMF and subscribed to the obligations of the Bretton Woods framework, giving some legal force to conditionality. This

acceptance must, however, be understood in the context of national sovereignty (proclaimed by Art 2(7) of the UN Charter and the Charter of Economic Rights and Duties of States 1974). National monetary independence can only be restricted as far as it is necessary for the preservation of international financial stability.

Accordingly, IMF conditionalities should be implemented in a co-operative spirit and borrowing states ought to have more freedom of discretion in selecting which reforms they introduce. Borrowing countries would need a certain amount of leeway to choose policies that fit their macroeconomic goals, not just be bound to specific measures. This would support the principle of National Ownership that has been on the rise in how much optimal areas the IMF has welcomed since 2000s.

The example of Egypt (2016) illustrates this. The Egyptian government for its part managed to adjust a few aspects of the reform package, notably in terms of when to cut energy subsidies, but proved more resistant on structural measures such as devaluing the pound. A more pragmatic strategy might have permitted the State to determine when and how best to reform thereby reducing social and political costs whilst maintaining financial sector stability (IMF, 2017).

Ultimately, we should be working towards a conception of conditionality as an instrument of cooperative engagement, not imposition as space for a more flexible and context-sensitive approach that respects simultaneously national sovereignty and the stability of the international financial system. This centrist approach transcends the dichotomy between sovereignty and foreign (policy) enforcement, putting economic sovereignty as a political dynamic that is carved by on-going negotiation of collective national interest and exigencies of international cooperation (Kapur, 2018; Woods, 2006).

5- Judicial Review of Structural Adjustment Programs

In Egypt, national courts have limited options for reviewing structural adjustment agreements. Although such understandings – which are commonly described as "financial" or executive agreements – do not fall within the meaning of "treaties" in a constitutional sense (and so do not require approval by parliament or adjudication by the courts).

Thus, they are within exclusive control of the executive. In Egypt, constitutional and administrative jurisdiction cannot challenge the constitutionality of such agreements in most cases. But in principle, the judiciary could still indirectly control domestic laws or administrative decisions implementing these agreements if they violate constitutional human rights and freedoms, for example pertaining to social security or the protection of vulnerable groups. This has been mostly an unmet promise because the economic and political considerations overshadow the opportunity of having a vigorous judicial review of these accords.

National case-law material on the review of structural adjustment programmes is scarce, with several indicative cases. For example, the Costa Rican Constitutional Chamber decided, in 2003, that a loan agreement with the IMF should be treated as treaty level since it affected fundamental economic policy matters and went beyond what is expected from normal administration.

Constitutional Boundaries: This rule is one of only a few cases where constitutional boundaries were used by the judiciary to resist structural adjustment. In Egypt, on the other hand, there is no titanic jurisprudential inquisition into the validity of agreements with the IMF. These are what are known as "executive financial agreements" under the government's prerogative powers, rather than international treaties that need to be ratified by parliament. As such, the Egyptian courts have not examined these

agreements through the lens of the Constitution; however, certain measures of their implementation – e.g., subsidy cuts, privatization, and tax policies – have been contested. Courts under the rubric of “acts of sovereignty” are frequently reluctant to review top-level economic contacts and thereby insulate structural adjustment programs from judicial scrutiny (Kapur, 2018).

There is, indeed, no international judicial mechanism for the examination of structural adjustment agreements. Rarely within these agreements are their arbitration provisions that specify access to international tribunals. The reason for this absence of judicial review is that in the relations between the recipient (borrowing) state and the international organization, both sides tend to operate on a basis of trust and political calculus, especially within political bodies rather than courts. Complaints that the state has failed to implement agreed reforms, or the Fund has failed to provide disbursements as promised, are normally resolved politically through program suspension, renegotiation or amendment rather than with remedies at law. Private investors may have brought claims against states for consequences of adjustment measures (as Greece’s bondholders did), but not against the international financial institutions themselves.

Domestically, oversight is left in the hands of national agencies. When it is in the hands of legislatures, they are able to hold governments responsible for the content and implementation of adjustment programmes. But it is this tool that will be effectively rendered useless if legislative oversight is absent. Internal accountability mechanisms, like the World Bank’s Inspection Panel, are oriented towards project-level impacts rather than macroeconomic policy shifts. Thus, structural adjustment contracts remain in a legal no-man’s-land, being the focus of complex accepted normative behaviors: they are both binding and legally, from an international or national perspective, premature objects for effective legal scrutiny (López & Nogueira, 2019).

There have been a handful at the national level. For instance, in Costa Rica the Constitutional Court held in 2003 that an agreement concluded between the government and the IMF was considered a treaty to be sent to parliament, as it had significant impact on public policies (Chossudovsky, 1999, pp. 102–110). This is one of the few cases where national courts subjected structural adjustment conditionalities to constitutional examination. In other countries, meanwhile, parliaments are circumvented as executive authorities argue that such agreements fall within their remit.

Although they take no treaty form in the conventional sense, structural adjustment agreements result in binding state-to-IO obligations. This commitment is underpinned by the tangible effects and the domestic legal entrenchment of its provisions. Yet these agreements are negotiated in an imbalance with some economic pressure. Even if that doesn't render them null and void *de jure* according to modern international law, this effectively robs those acts of any moral legitimacy, and may make it easier for states to quit them on political instead of pure legal grounds later (Vines, 2017, pp. 250–258).

Hybrid Legal Character: Structural adjustment agreements are subject to both international and national law. They are international contracts between a state and an international organization (IO) with respect to the responsibility of the state to the IO; but implemented through national laws, they have also a certain dimension at domestic level (López & Nogueira, 2019).

Recourse Measures: At present, there is no direct recourse to hold an international organization accountable when a program harms a subset of participants. While the state has potential remedies at its disposal, there is a growing awareness of the social responsibilities of international financial agencies. For example, the establishment by

the World Bank of an Inspection Panel to review grievances from people affected by its projects is a move in this direction (Stiglitz, 2002).

The UN Human Rights Council has considered multiple reports on debt and human rights from structural reforms (such as the 2021 report of the Independent Expert). These reports underscore the importance of human rights in lending agreements, including the need for impact assessments before implementation. By calling these deals “hidden coercion” we can go some way toward deconstructing international norms, — nudging them closer to respecting not only state sovereignty but also the rights of citizens. In the future a more nuanced picture of contracts may emerge, mechanisms might be found to reconcile conflicting imperatives like parliamentary sanction for granting loans or to build in flexible clauses allowing renegotiation if economic circumstances change - something akin to the force majeure clause in commercial contracts (Woods, 2006, pp. 1215–1220).

6- The Nature and Evolution of IMF Conditionality: Consent, Coercion, and Legitimacy in Structural Adjustment Agreements

The official rhetoric of the World Bank does say that conditionality is an instrument for reforming states so as to promote stability and growth. The Bank maintains that it does not do policy through coercion but “recommends” what has worked elsewhere, and governments are free to take it – or leave it. 9 On this basis, once a state accepts the conditional loan it is considered an agreement of negotiation (nomos negotiations), such as a contract or memorandum of understanding, signed by both parties. Thus, the Bank contends there is no “forceful element,” because “the signature is voluntary and represents the principle of contractual sovereignty.

However, both empirical observations and academic findings tell a more nuanced story. In fact, the “voluntariness” claimed by the Bank is usually on paper only. For poorer countries, bargaining takes place under extremely limited circumstances with few options but to agree.” A country teetering on the brink of default or a foreign-exchange catastrophe could be left with little choice but to take conditional money even if it’s only meant to stave off disaster. Academics have accordingly compared such agreements to contracts entered into under duress with invalidating consent. To this end, the International Law Commission’s Draft Articles on the Responsibility of International Organizations (2011) stipulate that when an international organization induces a state to take measures affecting its sovereignty or human rights obligations, this may engage the responsibility of the organization.

Attention is invited to Article 52 of the Vienna Convention on the Law of Treaties (1969) which provides that any treaty concluded by a State under the threat or use of force shall be considered void. Although the issue is largely concerned with military force, many observers believe that equally constraining economic coercion could be comparable for purposes of destroying a population’s capacity to resist. So where in effect particular circumstances strip a state of real choice, consent is not free. This argument was partly foreshadowed by Judge Ogada’s dissenting opinion in a case involving the IMF before the International Court of Justice, but received complete support already by the latter in *Gabčíkovo–Nagymaros* (Hungary/Slovakia) wherein that court recognized that severe internal economic or political crises could be an acceptable cause for renegotiating obligations. Similarly, deals signed under such extremes of financial duress do not necessarily capture all of the sovereign’s intentions.

This tension is exemplified by Argentina’s 2001 crisis. Faced with financial meltdown, Argentina acquiesced to harsh conditionality--including a spending freeze, the reduction of pensions and privatization--in deals with the Bank and the IMF. Within weeks,

however, the economy imploded; and that led to huge demonstrations, a series of government resignations and ultimately the biggest sovereign default in history up to then. While no direct legal responsibility was established for the institutions, UN experts were unequivocal in their condemnation of the externally imposed ‘recipe’ as unsuited to local circumstances and destabilizing (UN Commission on Human Rights, 2004).

So, even though the covenants are nominally consensual arrangements, in practice conditionality highly limits the states’ economic sovereignty. Governments forfeit autonomy in key policy areas — such as raising wages or increasing social spending — under the threat of financial punishment. The outcome is a clear attenuation of national sovereignty in which national decision-making is subject to externally imposed diktats. Whether that is a violation of international law or not depends on whether consent can be considered to have been freely given (Vines, 2017, pp. 250–258; Woods, 2006). Such locally-sensitive reform would be the way to assure that the reform stands on its own feet, so to speak, in terms of political economy: as Joseph Stiglitz (2002) has perhaps best put it, reforms must be “owned” by a recipient country to be legitimate; and as Amartya Sen (1999) has emphasized, reforms not tethered to distributive justice and respect for human dignity simply count as arbitrariness rather than genuine development. “The relevant minimum core obligation is that states parties must ensure access to adequate food,” which can be easily decided by determining whether “there has been derogation in time of emergency,” the UN Committee on Economic, Social and Cultural Rights (CESCR, 2018, pp. 14–17) added. Similarly, the CESCR warned external factors undermining basic rights like food, health, or education could leave states party to treaties in violation of those obligations.

While the language of Article I (5) may seem concise and simple, its potential ramifications for those economies that have been, or are in the future, associated with the Fund are immense. The provision not only specifies the roles of the institution relative to borrowing member countries, but it also sets out procedural requirements for borrowing countries and its substance makes clear that assistance must be temporary and come with sufficient safeguards. In practice, these safeguards have been implemented in Executive Board decisions, which have tailored conditionality as a function of global economic trends and the specific situation of members.

These series of safeguards have transformed into IMF lending practices as we know today: structural adjustment and conditionality programs. Although intended to ensure ability to pay and restore macroeconomic equilibrium, such mechanisms have often been translated in broader policy agendas (e.g. subsidy reform, fiscal consolidation, privatization), which directly impact on domestic economic sovereignty (Stiglitz, 2002; Kapur, 2018). Article I(5) has therefore been the normative foundation for the development of conditionality, and constitutes one of the cornerstones in any analysis of the legal and institutional framework of structural adjustment agreements.

The dispute over conditionality in the context of the IMF is without doubt one of the key legal and economic debates that have accompanied the development of the international monetary system from its beginning. A careful reading of the 1944 Bretton Woods Agreement would show that the IMF was not empowered, at least in express terms, to attach conditionalities around borrowing countries. This neglect was at least in part due to the J.M. Keynes vision which as British representative emphasized the principle of economic sovereignty and ruled out delegating more than financial resources to international institutions with effective authority over domestic policies (Beckhart, 1944, pp. 495–512). However, from the 1950s onwards, IMF policy increasingly began to be teleologically sought in the imposition of conditions through a

purposive interpretation of the provisions of the Agreement that should secure protection for the Fund's resources and their use as contributing towards its purposes. Consequently, the IMF disengaged from being a mere apolitical financier to become a crucial player in forging national macroeconomic policies, thus raising an enduring question whether this expansion of its mandate was legitimate. (Boughton, 2001, pp. 85–95; Woods, 2023).

This shift is a legal minefield, in many ways. There are also the legal constraints placed on membership through international treaty obligations in that because the Fund is based on consensual and contractual treaties, it is forced to hew closely to strictly its original textually binding limits of its Articles of Agreement, hardly an argument from open constitutional horizons. Critics of the practice, however, refer to the principle of *pacta sunt servanda* and good faith in treaty performance (that are enshrined in the 1969 Vienna Convention on the Law of Treaties) to defend it arguing that conditionality is a legitimate means to protect resources of the Fund while maintaining an effective international monetary system. Accordingly, academic voice is still split between those who consider conditionality as a quasi-customary practice which has arisen for reasons of economic and/or political expedience rather than contract law obligation and those who regard it as respectable legal development reconciling state sovereignty with the collective responsibility to preserve international monetary stability. (Woods, 2023, pp. 203–215; Peters et al., 2020, pp. 105–110).

The introduction of the conditionality principle in IMF practice entails a complex legal question with very important sovereignty implications. A significant legal literature, too, maintains that there is no explicit textual underpinning in the 1944 Bretton Woods Agreement for the practice — which renders it much more akin to what would probably be classified an evolving institutional norm influenced by global economic governance needs than a suitably crystallized contractual obligation. This approach is based on the consensual character of international agreements – states can be held accountable only for what they have accepted. As a result, whenever the Fund extends its jurisdiction beyond these textual boundaries this is considered to be a violation of economic sovereignty (Gold, 1979, pp. 142–160; Woods 2006).

Furthermore, from this viewpoint, conditionality erodes developing states' contractually based consent because it forces them into structurally unequal negotiating settings; thereby leaving no choice but to agree with IMF demands to escape their vulnerable economic situations. Under this approach, consent of States is formal more than real – and with this the agreements lose the foundation of free will based on which contractual legitimacy rests in international law. Some of these take the position that this is symptomatic of a more profound asymmetry wherein one party – the debtor who is poorer than creditor – can resort to coercion through vulnerability as an avenue to enforce policies over another, regardless whether or not they fit their social and developmental conditions (Stiglitz 2002; Dreher, 2006, pp. 805–812).

Conversely, some legal literatures have justified the legitimacy of IMF conditionalities on grounds such as the doctrine of *pacta sunt servanda* and that of good faith performance (Vienna Convention 1969, Article 26). In this sense, conditionality is not a foreign imposition, but an instrument to ensure the appropriate use of Fund resources for purposes consistent with its original mandate: the promotion of international monetary stability. Supporters of this claim insist that conditionality symptomatically expresses a teleological interpretation of the 1944 Bretton Woods Agreement in terms of what, organizationally and functionally, today's IMF is: not just a credit agency but an overseer of perimeters for the contemporary TM picture (see Barnett & Finnemore, 2004, pp. 101–120; Ghosh & Wolf, 2000, pp. 620–626).

On this functionalist reasoning, the Fund's resort to conditionality does not infringe on state sovereignty. These, it is theorized as a legitimate mechanism for reconciling states' rights to define individual economic policies against their responsibilities to uphold the stability of the international financial system (Boughton, 2001; Kahler, 1992). A subsequent literature has confirmed this view, suggesting that the conditionality has moved toward more flexibility and national ownership since the early 2000s (Moschella, 2017; Lombardi and Woods, 2021). Meanwhile, empirical research also indicates that conditionality frameworks have been reformed since the global financial crisis of 2008 and, especially in response to the COVID-19 pandemic, these reforms appear to be more aligned with concerns around debt sustainability, social protection and inclusive growth (Kentikelenis et al., 2016).

7- Egypt and IMF Structural Adjustment Programmes: The Constitutional Blind Spot, and Democratic Legitimacy

In the case of Egypt, the 2022-2023 IMF loan agreement of (EFF) is telling example that illustrates the dynamic interaction between economic sovereignty and how international financial institution (IFI), such as the IMF, influences national policy-making (Giugale & Gündüz, 2024). The \$3bn deal came at a time of economic hardship in Egypt, with the country experiencing a decline in its foreign reserves, high inflation and rising external debt amid the global food and energy crisis.

The agreement included a number of structural reform proposals, such as privatization of state-run industries, more private sector participation in the economy and a move towards a more flexible exchange rate. Egypt framed the deal as an essential move to restore macroeconomic stability, but commitment linked with the agreement has provoked legal, political and economic challenges (Ramadan, 2024; Eltahry, 2025).

The fundamental legal question in such a battle is whether the IMF's conditionality is to override Egypt's economic sovereignty when structural benchmarks that are related to domestic economic and social policies are concerned. The government of Egypt has also maintained that it remained free to determine the precise path by which to reach the program's macroeconomic objectives, even though the IMF defined in no uncertain terms its desired pavement stones in route — for example, reductions in subsidies and privatization of state-owned assets. This begs the following question: How much of these Egyptian terms is imposed on Egypt, and how much does it willingly agree to, given the economic and financial crises?

On the other hand, Scholars argue that the conditionality associated with IMF lending is an infringement of Egypt's economic sovereignty and others who believe that such programmes constitute a reasonable and cooperative expression of international financial support. Whereas in this instance, the juridical "voluntariness" of IMF conditionalities is questionable, given that Egypt was under 'dire economic circumstances' and unable to withstand the international pressure. "Economic Coercion In the eyes of international law, "economic coercion" is a problem acknowledged by treaty law detractors—that deserves tactical focus." (Khan, 2025). This is so under Article 52 of the Vienna Convention on the Law of Treaties (1969) where treaties are declared void if they have been secured through threat or use of force, and under economic duress in consideration is given to determining that economic pressure has not just brought about the consent given but that it constitutes disrupted integrity (Morin, 2025).

IMF agreements, as the one Egypt concluded in 2022, are of a "hybrid" legal nature. They are not classical treaties because they do not require ratification by Parliament and are not in turn ratified as state treaties. Instead, they are typically referred to as

“executive financial arrangement,” (Vines, 2017, pp. 250–258; Peters et al., 2020, pp. 105–110; Woods, 2023) having been hammered out largely by the executive branch of government and the IMF. The procedural template avoids traditional democratic scrutiny, leading to questions over the legitimacy of such deals, especially when they contain significant economic changes.

The IMF’s position in these deals is with asymmetrical bargaining power, as the borrowing state finds itself economically weak and unable to demand much. It is partly for this reason that IMF programs are often described as constituting “soft” international law; legally-binding but neither the formal nor transparent procedures conventionally associated with regular treaties. In addition, the terms of such lending usually make it obligatory for the lending states that a borrowing country must introduce far-reaching changes into its economy, to which point critics raise questions on national sovereignty and democratic accountability (Giugale & Gündüz, 2024).

Concerns of democratic legitimacy and constitutional transparency are rampant in the 2022 IMF agreement with Egypt. Under Egypt’s Constitution, Article 127 requires that any agreements imposing burdens on public finances, including loans, should be approved by Parliament (Peters, Klabbers, & others, 2020, pp. 85–95).

Yet the government failed to present the agreement for parliamentary scrutiny, insisting that the funding was already approved by parliament in a vote on the state budget that included funds from the loan. This procedure is problematic from a constitutional perspective as it bypasses necessary legislative control and democratic legitimacy through parliamentary approval (Eltahry, 2025, pp. 23–27).

The lack of parliamentary scrutiny is symptomatic of what critics say is a larger problem with IMF programs, especially in poorer nations: where agreements are often made in secret or without meaningful public input (Charnovitz, 2006, pp. 570–580).

The lack of a democratic debate, at the level of form and in substance, on the planning and conclusion of these agreements can raise questions about the actual consent provided by peoples and their representatives (which is required in order to legitimize international acts that encroach on national sovereignty (Giugale & Gündüz, 2024).

Economic coercion One of the main criticisms of that IMF’s policy in its use of conditionality, is that it represents a form of economic coercion. Though the IMF has insisted conditionality is necessary for promoting economic stability and growth, detractors argue that conditions frequently result in forced austerity, imposed privatization, and cuts to social welfare measures that hit the poorest groups hardest.

Egypt, for example is a case in point; when an austerity package was implemented involving devaluation of the Egyptian pound and subsidy removal there were very large social disturbances and demonstrations. It is claimed by critics that the latter types – which are formulated in terms of stabilizing economic measures – tend to deepen poverty and disparity, especially in countries such as Egypt (Pogge, 2007).

This case serves as a prime example of the ethical and legal contradiction characteristic of IMF conditionality. On the one hand, IMF officials maintain that their actions are meant only to guarantee financial stability and stop the abuse of its resources. In contrast, forcing policies without complete consideration of national circumstances and lack of true democratic participation in the decision-making process can also be viewed as an infringement on national sovereignty.

Courts in Egypt have limited review over IMF agreements. The Egyptian constitution does not give courts the power to scrutinize financial contracts made by the executive, as such transactions are considered to be solely within the domain of the executive arm of government. That power outlet might be used to allow a hearing, especially if the agreement would violate constitutional rights such as social security or the protection of

vulnerable people could still involve an indirect control by national courts. The absence of judicial review of these agreements makes their democratic legitimacy and accountability even more questionable.

At the international level there is no judicial review of structural adjustment agreements. Along with lack of accountability, and without any formal mechanism for holding the IMF to account for the social and economic implications of its conditionality. This has prompted pleas for checks and balances, such as oversight bodies that can monitor whether these agreements do indeed respect the social and economic rights of the people affected (Peters et al., 2020, pp. 105–110 ; Eltahry, 2025).

The 2022-2023 IMF deal with Egypt highlights the complicated tension between national sovereignty and the dictates of international financial institutions. The IMF's function to stabilize and further secure economies is not in question, but its loans are also heavily accompanied by loan conditionalities that undermine national sovereignty and democratic legality. Especially in the case of Egypt, where there are restrictions on what decision-makers can barter while accepting no parliamentary supervision, they are legitimate reservations about how voluntary the agreement really is.

Egypt's constitution offers two parallel means for the incorporation of international financial obligations into domestic law. First, if some such arrangement—or its linked-in arms—has the form of an international agreement, then it must operate under Article 151: a President makes treaties and ratifies them after the House has given assent, a treaty “shall have the effect of law as of” its proclamation (coming to light). This connects a domestic bond of force to promulgation, making publicity the condition internal validity must satisfy peace, alliance, and sovereignty-related treaties also necessitates referendum as an additional popular safeguard to limit the constitutional point of departure for instead integrating any treaty-like instrument in Egypt's internal legal order (Constitution of the Arab Republic of Egypt 2019 arts. 151).

Second, even without a “treaty” in the narrow sense, public-finance considerations of international programs are constitutionally distinct. (127) The executive shall not borrow or raise any loan, or continue in any way to mortgage, pledge, or create a line on any estate, property or undertaking of the state be enacted with the prior consent of the House of Representatives. In application, this is a procedural “lock” on long term fiscal commitments bound up with conditional finance such as multi-year disbursements and performance-based reviews, irrespective of the external form (Constitution of the Arab Republic of Egypt 2019 article. 127).

These constitutional provisions must be considered alongside Egypt's Unified Public Finance Law, 6 of 2022, and its 2024 amendments (Law No.18 of 2024), which consolidate budget management laws and reinforce parliamentary scrutiny over medium-term obligations. The law serves to implement results-based budgeting and performance in practice, organize approval of the plan, its execution and accounting in a manner that forces externally financed obligations consistent with expenditures architecture and disclosure liabilities. The 2024 amendment—published in Official Gazette No. 13 (bis) dt March 30, 2024 —also provides fine-tuning to the calendars and budget coverage definitions for concepts like “general government”. The corollary is that on-budget financing tied to structural benchmarks cannot be “off budget” or opaque and still remain legally binding and implementable domestically (Ministry of Finance, 2023/2024; Law No. 18 of 2024).

What is at work here may be a reasonable domestic law test, which then gets applied to IMF-like documents (Letters of Intent; Memoranda of Economic and Financial Policies; Technical Memoranda of Understanding). But where a state takes treaty-level obligations, or an obligation is directly “passed through” in a ratified instrument, the

Article 151 process (parliamentary approval and promulgation) must be followed to give force of law internally. To the extent that the order causes borrowing as incurring multi-year liabilities or expenditures not previously authorized, Article 127's prior-approval mandate is separately implicated, along with satisfying public-finance law (program/classification categorization ordered, ceilings on orders, disclosure/ reporting). A lack of promulgation precludes national legal operation vis-à-vis addressee, while an inconsistent budget law risks ultra vires implementation (Constitution of the Arab Republic of Egypt 2019, arts. 151, 127; Unified Public Finance Law n° 6 of 2022 & Law n° 18 of 2024).

Domestic legal process provides ex-post (remedial) protection. In setting the degree of review at textually and separation-of powers-specific levels, Egypt's Supreme Constitutional Court and its administrative courts push domestic incorporation thresholds (approval in the sense of Article 156; promulgation; budget compatibility) and interpret treaty-related clauses as would treaties indicate, but consistent with good-faith rules of construction (cf. also article 225 on publication of laws). In explaining this institutional provenance, legality-first reasoning can deliver a restrained form of conditionality where there are constitutional processes and hard budget-law constraints to adhere to (see further below); while "structural coercion" complaints are policy criticisms that do not supersede formal domestic prerequisites for approval, promulgation and coverage by the budget law (Constitution of the Arab Republic of Egypt 2019: arts. 151, 225).

Conclusion

The legality and legitimacy of Egypt's 2022–2026 IMF agreement: An international institutional law analysis in light of the Egyptian Constitution. The analysis shows that the IMF's authority to impose structural adjustment conditionalities derives from interpretive institutional powers, but such powers remain contested in light of state sovereignty and national constitutional obligations.

Under the Egyptian constitutional framework—particularly Articles 151 and 127—agreements involving financial commitments, such as borrowing or arms transactions, are subject to parliamentary scrutiny and constitutional compliance. Therefore, although the agreement was finalized through international institutional procedures, its legitimacy is not unconditional but depends on conformity with domestic constitutional requirements and democratic accountability standards.

At the international level, the paper highlights the tension between state consent and structural coercion in IMF conditionality. The findings suggest that future IMF programs should emphasize transparency, participatory domestic approval, and the protection of social and economic rights. In this regard, the Egyptian case illustrates how international financial rules can be integrated into the domestic constitutional order in pursuit of both economic stability and democratic legitimacy.

Acknowledgment

1. Barnett, M., & Finnemore, M. (2004). *Rules for the world: International organizations in global politics*. Cornell University Press.
2. Bechhart, B. H. (1944). The Bretton Woods proposal for an international monetary fund. *Political Science Quarterly*, 59(4), 489–528.
3. Boughton, J. M. (2001). *Silent revolution: The International Monetary Fund, 1979–1989*. International Monetary Fund.
4. Bretton Woods Agreement. (1944). *Articles of Agreement of the International Monetary Fund*. International Monetary Fund.

5. CESCR. (2018). *General Comment No. 12: The right to adequate food*. United Nations Committee on Economic, Social and Cultural Rights.
6. Charnovitz, S. (2006). The International Monetary Fund and the World Bank: Charter-based obligations and external accountability. *American Journal of International Law*, 100(3), 565–589.
7. Chayes, A., & Chayes, A. H. (1995). *The new sovereignty: Compliance with international regulatory agreements*. Harvard University Press.
8. Chossudovsky, M. (1999). *The globalization of poverty: Impacts of IMF and World Bank reforms*. Zed Books.
9. Constitution of the Arab Republic of Egypt. (2019). *Egypt's Constitution of 2014 with amendments through 2019 (English trans.)*. Constitute Project. Retrieved from: https://www.constituteproject.org/constitution/Egypt_2019
10. Dreher, A. (2006). IMF and economic growth: The effects of programs and the role of governance. *World Development*, 34(5), 799–818.
11. Eltahry, M. (2025). Access to liquidity through foreign finance: A case study on Egypt. CUNI Repository.
12. Gallagher, K. P., & Kozul-Wright, R. (2019). The World Bank and IMF: A critical history of the development banks and the global financial crisis. *Oxford Review of Economic Policy*, 35(2), 290–307.
13. Ghazi, B. (2005). *The IMF, the World Bank Group, and the Question of Human Rights*. Transnational Publishers.
14. Gold, J. (1979). *The politics of international finance: A study of international monetary institutions*. Routledge.
15. Ghosh, J., & Wolf, H. (2000). The IMF and the global political economy: The IMF's role in financial crises. *World Development*, 28(4), 617–629.
16. Helleiner, E. (2014). The status and role of the IMF in global governance. In R. Stubbs & G. Underhill (Eds.), *Political economy and the IMF* (pp. 45–63). Oxford University Press.
17. International Court of Justice. (1949). *Reparations for injuries advisory opinion*. ICJ Reports, p. 174.
18. International Monetary Fund (IMF). (1944). *Articles of Agreement of the International Monetary Fund*. International Monetary Fund.
19. International Monetary Fund (IMF). (2017). *Egypt's economic reform program: IMF-supported program 2016–2017: Structural benchmarks and funding conditions*. International Monetary Fund.
20. International Monetary Fund (IMF). (2020). *Annual report of the International Monetary Fund*. International Monetary Fund.
21. International Monetary Fund. (2020). *Articles of agreement of the International Monetary Fund*. <https://www.imf.org/external/pubs/ft/aa/>
22. International Monetary Fund (IMF). (2023). *IMF-supported program 2022–2023: Structural benchmarks and reforms*. International Monetary Fund.
23. Chayes, A., & Chayes, A. H. (1995). *The new sovereignty: Compliance with international regulatory agreements*. Harvard University Press.
24. Chossudovsky, M. (1999). *The globalization of poverty: Impacts of IMF and World Bank reforms*. Zed Books.
25. Constitution of the Arab Republic of Egypt. (2019). *Egypt's Constitution of 2014 with amendments through 2019 (English trans.)*. Constitute Project. Retrieved from https://www.constituteproject.org/constitution/Egypt_2019

26. Dreher, A. (2006). IMF and economic growth: The effects of programs and the role of governance. *World Development*, 34(5), 799–818.
27. Eltahry, M. (2025). Access to liquidity through foreign finance: A case study on Egypt. CUNI Repository.
28. International Court of Justice. (1949). Reparations for injuries advisory opinion. *ICJ Reports*, p. 174.
29. International Monetary Fund (IMF). (1944). Articles of Agreement of the International Monetary Fund. International Monetary Fund.
30. International Monetary Fund (IMF). (2017). Egypt’s economic reform program: IMF-supported program 2016–2017: Structural benchmarks and funding conditions. International Monetary Fund.
31. International Monetary Fund (IMF). (2020). Annual report of the International Monetary Fund. International Monetary Fund.
32. International Monetary Fund (IMF). (2023). IMF-supported program 2022–2023: Structural benchmarks and reforms. International Monetary Fund.
33. Peters, A. (2016). *International organizations and legal responsibility: Legal obligations and compliance*. Oxford University Press.
34. Peters, A., Klabbers, J., & others. (2020). *International law and the global economy: Sovereignty in the age of financial crisis*. Cambridge University Press.
35. Pogge, T. (2007). *Global justice: The ethics of poverty and inequality*. Oxford University Press.
36. Salacuse, J. W. (2007). *The law of investment treaties*. Oxford University Press.
37. Shehata, G., & Bassiony, H. (2023). Contemporary economic crises in the Arab region: Causes and repercussions. *Journal of Advances in Economic Research*.
38. Stone, R. W. (2002). The IMF and the World Bank: A critique of their influence and legitimacy. *World Politics Review*, 71(4), 313–335.
39. Stone, R. W. (2011). The political economy of IMF lending in the 2000s: A case study approach. *International Monetary Fund Review*, 59(1), 103–124.
40. Strange, S. (1994). *States and markets: An introduction to international political economy*. Pinter Publishers.
41. Stiglitz, J. E. (2002). *Globalization and its discontents*. W.W. Norton & Company.
42. UN Commission on Human Rights. (2004). Report on the impact of the IMF’s lending practices on human rights. United Nations.
43. United Nations (UN). (1945). Charter of the United Nations. United Nations.
44. United Nations Committee on Economic, Social and Cultural Rights (CESCR). (2018). General Comment No. 12: The right to adequate food. United Nations.
45. United Nations General Assembly. (2013). Democracy and the international order: Report of the Secretary-General. United Nations. <https://www.un.org/en/ga/reports/democracy-international-order>
46. Vines, D. (2017). International financial institutions and the global economy: A critical review. *Oxford Review of Economic Policy*, 33(2), 245–262.
47. Vreeland, J. R. (2003). *The IMF and economic development*. Cambridge University Press.
48. Woods, N. (2006). The IMF and the World Bank: Conditionality and the global economy. *International Affairs*, 82(5), 1209–1227.

49. Woods, N. (2014). *The IMF and the World Bank: Power and legitimacy*. Oxford University Press.
50. Woods, N. (2023). *The International Monetary Fund: A political economy analysis*. Oxford University Press.