

Does Immunity Outweigh Accountability for International Finance Organizations?

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A dispute over [immunity for the International Finance Corporation \(IFC\)](#) made its way to the Supreme Court in late October, after a power plant in India (financed in part by funds from the IFC) caused environmental harm to a group of farmers and fishermen living near it. Under the International Organizations Act of 1945, international organizations headquartered in the United States like the IFC have immunity from all forms of judicial process in the U.S. similar to that enjoyed by foreign governments.

Concerns over this particular suit include whether U.S. law gives absolute immunity to the IFC, the private lending arm of the [World Bank](#), and whether allowing this type of suit to proceed would [open the floodgates](#) to more lawsuits. Supporters of the IFC highlight that it often loans money where private capital will not go, such as in developing countries. Due to the fact that commercial activity is the organization's sole purpose, some worry that placing blame when others have failed to meet standards will hamper their ability to promote sustainable private sector investment in the developing world.

Beyond the obvious question of whether the IFC should have complete immunity, an underlying question remains about whether this immunity diminishes intentional accountability. If these types of organizations are meant to help reduce poverty and promote economic development, a chief precaution might include [protecting vulnerable communities and the environment](#). Moreover, if an organization, one with immense influence over a project given its financial backing, is briefed and knows about the plausibility of harmful impacts, it may follow that one should minimize such impact or compensate those harmed.

What happens when we give certain organizations the opportunity to be above law? What is the social value of the privilege of immunity and does it depend critically on the extent to which its existence encourages these organizations to fulfill their missions? How can international organizations stay true to their mission while ensuring projects they fund meet environmental and social standards? The answers to these questions, undoubtedly complex and multifaceted, lie in a reconsideration of the balancing of these values against the pursuit of justice through legal accountability.

