

November 30, 2010

Submitted via electronic mail

Ms. Elizabeth Littlefield
President & CEO
Overseas Private Investment Corporation
1100 New York Ave., NW
Washington DC 20527
E-mail: elittlefield@opic.gov

Re: Request for Compliance Review for Los Reyes related to the Cerro de Oro Hydroelectric Project

Dear Ms. Littlefield:

I am writing in regard to the Cerro de Oro Hydroelectric Project (“the Project”) that OPIC is financing through Conduit Capital Partners, LLC as part of Latin Power III. Today, Accountability Counsel and partner organizations filed a complaint with the OPIC Office of Accountability (the “Complaint”) brought by two communities in the municipality of Tuxtepec in Oaxaca, Mexico, due to harm they are experiencing from this Project.¹ Members of the communities of Paso Canoa and Santa Ursula are requesting a problem-solving initiative and compliance review due to the Project’s impact on their access to water; destruction of fishing areas and agricultural land they rely on for livelihood support; contamination and destruction of ecosystems; land erosion and encroachment; disruption of local and indigenous infrastructure, housing and culture; gender impacts; feared impacts on community health and safety; and company actions to silence community opposition.

I write to request that you, as President and CEO of OPIC, join the neighboring community of Los Reyes to the Complaint’s request for compliance review. Los Reyes is experiencing similar impacts to Santa Ursula and Paso Canoa as described by the Complaint. Because the bulk of Project construction and site preparation takes place on or adjacent to Los Reyes’ land, its residents endure the brunt of the Project’s impacts.

In both Paso Canoa and Santa Ursula, the Project operators illegally demanded that the residents sign agreements that they would not seek any support from outside “organizations.”² We have reason to believe that members of the community of Los Reyes feared signing the Complaint to the OPIC Office of Accountability because they had signed such an agreement. In addition, Los Reyes residents may be intimidated from voicing dissent as a Project representative

¹ A copy of the Complaint is attached hereto.

² See testimony of Gabino Vicente, Santa Ursula Resident, Tuxtepec, Oaxaca, Mexico (Oct. 29, 2010); testimony of Fidencio Flores Rico, Paso Canoa *Ejido* President, Tuxtepec, Oaxaca, Mexico (Oct. 27, 2010.)

and engineer has purchased *ejido* rights and now participates in community assemblies, allowing the company to inappropriately exert its influence.

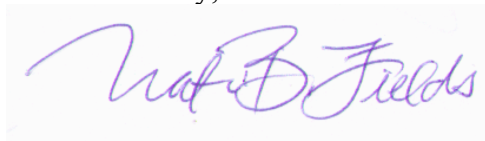
We base this belief on our interviews with residents of Paso Canoa and Santa Ursula, as well as informal conversations with Los Reyes residents who are too afraid to conduct formal interviews.

In particular, we understand that Project sponsors did not disclose Project information to the community of Los Reyes or adequately consult residents about the Project. Moreover, concrete used to construct the base of the powerhouse has leaked into an area pond, contaminating a water source relied on by Los Reyes residents.³ We have received unconfirmed reports that construction of the powerhouse has been temporary suspended because Los Reyes residents lodged complaints about water contamination before Mexico's National Commission on Water (CONAGUA).⁴

We ask for your assistance in initiating a compliance review that includes Los Reyes in light of these potentially serious impacts and Project sponsors' efforts to intimidate and silence community members. The purpose of OPIC's policy allowing the President to initiate a compliance review is meant for situations precisely like this one, where a complaint cannot emanate from a community for fear of retribution or retaliation.⁵ In this case, OPIC has a strong interest in knowing whether or not its funds are being used in a way that contravenes OPIC policy. When there is reason to believe that OPIC funds are used by project sponsors who are involved in repressive actions, OPIC leadership has a responsibility to verify such information, take corrective action, and ensure that such policy violations do not occur as a result of future OPIC operations.

Please do not hesitate to contact me if you would like to discuss this request.

Sincerely,



Natalie Bridgeman Fields, Esq.

Executive Director

Accountability Counsel

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enclosure

cc: Dr. Jean Aden, Office of Accountability

³ See testimony of Rosa Maria Peña Sosa, Paso Canoa Resident, Tuxtepec, Oaxaca, Mexico (Oct. 27, 2010).

⁴ See testimony of Fidencio Flores Rico, Paso Canoa *Ejido* President, Tuxtepec, Oaxaca, Mexico (Oct. 27, 2010).

⁵ See OPIC, Compliance Review, available at <http://www.opic.gov/doing-business/accountability/compliance-review>.