



# OPERATION PACIFIC EAGLE-PHILIPPINES

LEAD INSPECTOR GENERAL REPORT TO THE UNITED STATES CONGRESS



APRIL 1, 2019–JUNE 30, 2019

## ABOUT THIS REPORT

In January 2013, legislation was enacted creating the Lead Inspector General (Lead IG) framework for oversight of overseas contingency operations. This legislation, which amended the Inspector General Act, requires the Inspectors General of the Department of Defense (DoD), Department of State (DoS), and U.S. Agency for International Development (USAID) to provide quarterly reports to Congress on designated overseas contingency operations. The DoD Inspector General (IG) has been designated as the Lead IG for Operation Pacific Eagle-Philippines (OPE-P). The DoS IG is the Associate Inspector General for OPE-P. The USAID IG participates in oversight of the operation.

The Offices of Inspector General of the DoD, DoS, and USAID are referred to in this report as the Lead IG agencies. Other partner agencies also contribute to oversight of OPE-P.

The Lead IG agencies collectively carry out their statutory missions related to these oversight contingency operations to:

- Develop a joint strategic plan to conduct comprehensive oversight of the contingency operation.
- Ensure independent and effective oversight of programs and operations of the Federal Government in support of the contingency operation through either joint or individual audits, inspections, and investigations.
- Report quarterly to Congress and the public on the contingency operation and activities of the Lead IG agencies.

### METHODOLOGY

To produce this quarterly report, the Lead IG agencies gather data and information from their agencies and open sources, including congressional testimony, policy research organizations, press conferences, think tanks, and media reports. DoD, DoS, and USAID officials also provide written responses to quarterly requests for information from Lead IG agencies.

The sources of information contained in this report are listed in endnotes or notes to tables and figures. Except in the case of audits, inspections, or evaluations mentioned or referenced in this report, the Lead IG agencies have not verified or audited all the data and information provided by the agencies. For details of the methodology for this report, see Appendix B.

### CLASSIFIED APPENDIX

This report also includes an appendix containing classified information related to OPE-P. The Lead IG provides the classified appendix separately to relevant agencies and congressional committees.

## FOREWORD

We are pleased to submit this Lead Inspector General quarterly report on Operation Pacific Eagle-Philippines (OPE-P). This report discharges our individual and collective agency oversight responsibilities pursuant to the Inspector General Act.

The United States launched OPE-P in 2017 to support the Philippine government in its effort to counter ISIS affiliates and other violent extremist organizations in the Philippines. In coordination with other U.S. Government agencies, the DoD conducts counterterrorism operations under OPE-P by, with, and through its Philippine partners.

In 2014, many local jihadist groups with long histories of violence in the Philippines declared allegiance to ISIS. In May 2017, approximately 1,000 ISIS-affiliated militants seized Marawi, a city in the southern Philippines with 200,000 residents, and held it for 5 months. Philippine forces, with U.S. assistance, liberated Marawi and killed nearly all of the ISIS fighters inside, including the group's senior leaders. Since the siege of Marawi, the Philippine insurgents who continue to pledge allegiance to ISIS have operated primarily along the lines of their constituent jihadist organizations.

This report's Quarter in Review section includes an overview of the major developments in OPE-P, including the status of the conflict and strength of violent extremist organizations, U.S. capacity building support for Philippine security forces, diplomatic and political developments, and humanitarian assistance for internally displaced persons and other civilians affected by the conflict.

The report also discusses the planned, ongoing, and completed oversight work conducted by the Lead IG Offices of the Inspector General and our partner oversight agencies during the period from April 1, 2019, through June 30, 2019.

Working in close collaboration, we remain committed to providing comprehensive oversight and timely reporting on this contingency operation.



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**Glenn A. Fine**  
Principal Deputy Inspector General  
Performing the Duties  
of the Inspector General  
U.S. Department of Defense



Handwritten signature of Steve A. Linick in black ink.

**Steve A. Linick**  
Inspector General  
U.S. Department of State



Handwritten signature of Ann Calvaresi Barr in black ink.

**Ann Calvaresi Barr**  
Inspector General  
U.S. Agency for International  
Development



**On the Cover**

(Top row): A Philippine Marine provides security during an amphibious landing exercise during Exercise Balikatan 2019 (U.S. Marine Corps photo); U.S. and Philippine Navy divers trained alongside one another to survey, locate and recover items (U.S. Marine Corps photo); A U.S. Marine works on a terrain model during bridging operations (U.S. Marine Corps photo).  
(Bottom row): F-35B Lightning II aircraft are secured to the flight deck as sailors man the rails aboard the amphibious assault ship *USS Wasp* (U.S. Navy photo).



## MESSAGE FROM THE LEAD INSPECTOR GENERAL



**Glenn A. Fine**

This is the 7th Lead IG quarterly report on Operation Pacific Eagle-Philippines (OPE-P), summarizing this quarter's events and describing Lead IG and partner agency oversight work relating to OPE-P. It also includes a classified appendix that is made available to the relevant congressional committees and government agencies.

ISIS-affiliated activity in the Philippines continued this quarter, along with U.S. and Philippine efforts to counter these violent extremists. In June 2019, a suicide bombing at a Philippine military base killed 5 and wounded 22. This was the first confirmed suicide bombing by a Filipino, which raises concerns that Philippine militants are adopting not just the ISIS "brand" but also its ideology and tactics.

Philippine forces struggled this quarter to combat kidnap-for-ransom activity, which serves as a key source of terrorist financing. An attempted rescue mission of three hostages in April left one dead and another in critical condition. In June, terrorists raided 2 fishing boats and abducted 10 crew members near the maritime border between the Philippines and Malaysia.

This quarter, the Muslim-majority provinces of the southern Philippines worked to establish a new, semi-autonomous regional government under the terms of a peace agreement with the Philippine government. However, the regional government faced challenges because of a lack of resources and because many of its leaders are former militants who lack experience in governance.

Reconstruction of Marawi city made little progress this quarter, leaving approximately 66,000 people still displaced since their homes were destroyed in the 2017 siege by ISIS affiliates. Due to challenges clearing debris and unexploded ordnance, as well as complications with awarding reconstruction contracts, it will likely be years before many parts of the city are habitable. USAID said its efforts this quarter focused on rebuilding communities and the economy around Marawi and countering violent extremism in the region.

This quarter, the Department of Defense modified the order that governs its activity under OPE-P. While the modification made minimal changes to the mission at the operational level, it removed the "contingency operation" designation for OPE-P. However, the modification states that OPE-P will still receive funding from overseas contingency operation appropriations.

My colleagues and I remain committed to providing reports on activities related to OPE-P, consistent with the requirements of the IG Act and our oversight responsibilities. We thank the dedicated employees of each Lead IG agency who conduct this important work, both in the United States and abroad.

A handwritten signature in black ink that reads "Glenn A. Fine". The signature is written in a cursive, flowing style.

**Glenn A. Fine**

Principal Deputy Inspector General

Performing the Duties of the Inspector General

U.S. Department of Defense







A Philippine Marine provides security during an amphibious landing drill during Exercise Balikatan 2019. (U.S. Marine Corps photo)

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A U.S. Army crew chief studies terrain aboard a UH-60 Black Hawk helicopter as part of a flight survey. (U.S. Army photo)

## EXECUTIVE SUMMARY

On June 28, 2019, a suicide bombing killed at least 5 and wounded 22 at an Armed Forces of the Philippines (AFP) camp on the island of Jolo.<sup>1</sup> This was the first confirmed suicide bombing by a Philippine national.<sup>2</sup> While the Philippines has struggled with violent extremism for decades, suicide attacks were extremely rare, and U.S. and Philippine officials operated under the assumption that the Filipino people are culturally averse to suicide attacks.<sup>3</sup> Since Operation Pacific Eagle-Philippines (OPE-P) began in 2017, the small number of suicide bombings were all carried out by foreign fighters.<sup>4</sup> An AFP spokesperson stated that security forces will need to adapt to this apparent change in enemy tactics.<sup>5</sup>

ISIS-East Asia (ISIS-EA) continued to operate without a unified leader this quarter, according to U.S. Indo-Pacific Command (USINDOPACOM). Hatib Hajan Sawadjaan, the most influential terrorist leader in the Philippines, was suspected to have been involved in coordinating the AFP camp bombing. Sawadjaan commands a faction of the Abu Sayyaf Group (ASG) that represents the largest contingent of fighters associated with ISIS-EA. While a large segment of ISIS-EA chose him as the group's new "emir" in 2018, some faction leaders oppose his selection, and the international leadership of ISIS has not confirmed him as the new ISIS-EA leader, according to USINDOPACOM.<sup>6</sup>

The AFP struggled this quarter to combat ASG kidnap-for-ransom activity. An attempted rescue mission of hostages in Sulu province left one hostage dead and another in critical condition in April.<sup>7</sup> Another hostage, held by the ASG for 7 years, was killed attempting to escape during a firefight between his captors and Philippine government forces.<sup>8</sup> According



**Exercise Balikatan focused on maritime security operations, close air support, amphibious operations, and humanitarian and civic assistance projects, all of which were relevant to the AFP's counterterrorism efforts.**

to media sources, Philippine kidnap-for-ransom gangs raided 2 fishing boats and abducted 10 crew members on June 18, off the coast of Malaysia's Sabah region. Sabah shares a maritime border with the Philippines, and Malaysian officials stated that ISIS-affiliated terrorists often travel through the area.<sup>9</sup>

In April, U.S. and Philippine forces participated in the 35th annual Exercise Balikatan, the largest annual training activity between the two countries' military forces. According to USINDOPACOM, this exercise focused on maritime security operations, close air support, amphibious operations, and humanitarian and civic assistance projects, all of which were relevant to the AFP's counterterrorism efforts.<sup>10</sup> Additionally, the Department of State (DoS) conducted training courses with Philippine law enforcement personnel on crisis response and infrastructure security.<sup>11</sup>

Under the terms of a peace agreement ratified last quarter, the Muslim-majority provinces of the southern Philippines established a new, semi-autonomous regional government, the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM).<sup>12</sup> Local media sources reported that the BARMM had no budget or dedicated source of revenue for 2019, and that the members and staff of its interim legislature operated this quarter without salaries or permanent office space.<sup>13</sup> In June, U.S. Embassy Manila held its first official engagement with BARMM government officials. According to the DoS, many of the former militant fighters who now constitute the government of the BARMM lack governing experience, and discussions covered practical legislative and administrative matters.<sup>14</sup>

A report issued by the International Crisis Group this quarter stated that if the BARMM could meet popular expectations regarding delivery of public services, such as health, education, and infrastructure, it could mitigate the anti-government sentiments that have



**U.S. Marines march with Philippine Marines on their way to conduct room clearing drills during Exercise Balikatan at the Navy Education Training Command. (U.S. Marine Corps photo)**

historically driven Islamist militancy in the Philippines. Conversely, the report warned that failure of the BARMM, either through internal shortcomings or external pressure from insurgents, could generate frustration and reinvigorate jihadist sentiments.<sup>15</sup> The report stated that one of the key challenges to the Bangsamoro peace process will be the integration of 40,000 former insurgent fighters into civilian life. According to the report, fighters who disapprove of the benefits package offered in exchange for their decommission might be inclined to join violent extremist groups outside the peace process.<sup>16</sup>

The UN Office for the Coordination of Humanitarian Affairs reported this quarter that approximately 66,000 internally displaced persons (IDPs) who lost their homes in the 2017 Marawi conflict remained displaced.<sup>17</sup> According to media reports, some IDPs from areas of the city that were completely destroyed by the fighting have been living in tent cities for nearly 2 years, and it could take years before they are able to return.<sup>18</sup> Reconstruction efforts in Marawi were delayed after two Chinese construction firms withdrew from the bidding process in 2018, and unexploded ordnance and disputes over property rights have hampered efforts to begin clearing debris and rebuilding.<sup>19</sup> In addition to the long-term IDPs who lost their homes in Marawi, subsequent clashes between the AFP and violent extremist groups temporarily displaced approximately 51,000 residents in the southern Philippines, most of whom were able to return home by the end of the quarter.<sup>20</sup>

## ABOUT OPERATION PACIFIC EAGLE-PHILIPPINES

### MISSION

On September 1, 2017, the Secretary of Defense designated OPE-P as an overseas contingency operation. OPE-P is a counterterrorism campaign conducted by USINDOPACOM, in coordination with other U.S. Government agencies, to support the Philippine government and military in their efforts to counter ISIS affiliates and other priority violent extremist organizations in the Philippines.

### HISTORY

The Philippines, a predominantly Roman Catholic island nation, has struggled for decades with violent extremist separatist groups in the Muslim-populated regions of the country's south. Many of these extremist groups, operating in the most impoverished parts of the country, are affiliated with international terrorist organizations.

The U.S. military conducted counterterrorism operations in the Philippines under Operation Enduring Freedom-Philippines from 2002 until that operation concluded in 2015.

In 2014, many of the Philippines' local jihadist groups declared allegiance to ISIS. The international leadership of ISIS supported its Philippine affiliate with financing, media, foreign fighters, and recognition of its leader, Isnilon Hapilon, as the "emir" of ISIS in the Philippines. In May 2017, a force of approximately 1,000 ISIS-affiliated militants led by Hapilon seized the city of Marawi, a provincial capital with 200,000 residents, and held it for 5 months.

Philippine forces liberated Marawi with U.S. assistance but suffered heavy casualties, including more than 160 dead. The fighting devastated the city's infrastructure and displaced 353,000 residents of the city and surrounding area. Most of the ISIS affiliated fighters in the city, including Hapilon and his top lieutenants, were killed in the fighting.

Since October 2017, ISIS-affiliates in the Philippines have been fractured and lacking a unified leader. These groups now operate primarily along the lines of their constituent jihadist organizations, and ties with international ISIS leadership have been seriously weakened. However, these extremist groups continue to commit acts of violence to undermine peace and reconciliation in the southern Philippines.





A U.S. Marine works on a terrain model during river crossing operations. (U.S. Marine Corps photo)

USAID reported that its programs in the Philippines this quarter focused primarily on rebuilding communities and countering violent extremism. The largest of these activities, the \$25 million Marawi Response Program, provided micro-grants for 11,629 IDPs and 55 business recovery grants, along with workforce and entrepreneur training. USAID said that programs designed to counter violent extremism supported town halls related to the Bangsamoro peace process, interfaith dialogue between Muslims and Christians, efforts to prevent school dropouts, and conflict resolution skills for religious, women, and youth leaders.<sup>21</sup>

This quarter, the Department of Defense (DoD) modified the order governing activity under OPE-P. One of the changes was the removal of the “contingency operation” designation for OPE-P, which had been in place since 2017. However, the modified order stated that activities in support of OPE-P will remain eligible for overseas contingency operations funding under guidance from the Office of Management and Budget.<sup>22</sup> USINDOPACOM expects the change to have “minimal impact” on operations in the Philippines.<sup>23</sup>

Lead IG and partner agencies completed two oversight reports related to OPE-P this quarter. The DoD OIG completed an audit of USINDOPACOM’s aviation training ranges, which determined that these training ranges, many of which were designed decades ago to meet mission needs that are now outdated, could not adequately support the training needs of aviation units assigned to USINDOPACOM. The USAID OIG issued a financial audit report on the Education Governance Effectiveness Program. The contracted certified public accounting firm which conducted the audit found no questioned costs but noted excessive claims of per diem allowances and administrative issues regarding approval of vacation leave.

As of June 30, 2019, four Lead IG and partner agency oversight projects related to OPE-P were ongoing, and one was planned.



# THE QUARTER IN REVIEW

## MAJOR DEVELOPMENTS

### Changes to Contingency Status of OPE-P

Since September 2017, U.S. counterterrorism activity in the Philippines has been authorized under the Operation Pacific Eagle-Philippines Execute Order. On May 15, 2019, the Acting Secretary of Defense approved a modification to the order. One of the changes was the removal of the “contingency operation” designation for OPE-P, which had been in place since 2017.<sup>24</sup>

The DoD’s designation of a contingency operation triggers certain provisions under Federal law related to contracting, personnel, and Lead IG oversight. This designation is not necessarily linked to the availability of, or access to, overseas contingency operation (OCO) appropriations, which do not count toward the statutory defense budget cap.<sup>25</sup> The Budget Control Act of 2011 set limits on defense and nondefense spending, which were enforced by “sequestration,” the automatic reduction of enacted appropriations in excess of the law’s prescribed levels. Under the Budget Control Act, spending designated as OCO is exempt from the budget caps and sequestration.<sup>26</sup>

The modified Execute Order stated that OPE-P is no longer designated a contingency operation. It also stated that pursuant to guidance from the Office of Management and Budget, OCO funds will remain available for activities under OPE-P. USINDOPACOM reported to the DoD OIG, “Keeping the language regarding continued availability of OCO funding clarifies that OCO funding is available even without [a contingency operation] designation.”<sup>27</sup> USINDOPACOM reported that the decision to remove the contingency designation was recommended by the Joint Staff and Under Secretary of Defense for Policy, and it was approved by the Chairman of the Joint Chiefs of Staff and the acting Secretary of Defense for the stated purpose of bringing OPE-P into “alignment with national strategy documents.”<sup>28</sup> USINDOPACOM stated that it expected the change to have “minimal impact” on counterterrorism operations in the Philippines.<sup>29</sup>

OPE-P is not the first DoD activity to use OCO funds without a corresponding designation of a contingency operation. The DoD requested and Congress appropriated an increasing amount of OCO funding for the European Deterrence Initiative (formerly known as the European Reassurance Initiative) each year since that program began in FY 2014, even though it was never designated as a contingency operation by the Secretary of Defense. Established in response to the Russian annexation of Crimea, the European Deterrence Initiative supports an increased U.S. military presence in key Eastern European nations to build partner capacity and deter Russian aggression.<sup>30</sup> Additionally, the DoD’s FY 2020 budget request includes \$97.9 billion in OCO funding for base budget requirements which are not directly associated with any contingency operation. The request stated that these requirements were included in the OCO budget “due to limits on budget defense caps enacted in the Budget Control Act of 2011.”<sup>31</sup>

Additionally, the May 15 modification to the OPE-P Execute Order updated several naming conventions, including changing references from ISIS-Philippines (ISIS-P) to ISIS-East Asia (ISIS-EA). According to USINDOPACOM, this change was made to standardize the

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**On June 28, 2019, two suicide bombers carried out an attack on an Armed Forces of the Philippines (AFP) camp in Indanan, on the island of Jolo, killing at least 5 and wounding 22 soldiers and civilians.**

name used by the DoD with that employed by the intelligence community. While ISIS-EA includes terrorists operating in the Philippines, Indonesia, and Malaysia, USINDOPACOM stated that the majority of the group is based in the Philippines. Additionally, ISIS-EA is the term employed by ISIS in its international media, and USINDOPACOM reported that it has only seen the term applied to the Philippines in those statements.<sup>32</sup>

As in previous quarters when the term ISIS-P was used, the term ISIS-EA can be applied to a wide range of jihadist factions with varying degrees of loyalty to each other and the ISIS ideology.<sup>33</sup> This Lead IG report uses the new terminology consistent with DoD usage.

Additional information on the modification to the Execute Order is available in the classified appendix to this report.

## STATUS OF THE CONFLICT

### AFP Camp Attacked in First Suicide Bombing by a Philippine National

On June 28, 2019, two suicide bombers carried out an attack on an Armed Forces of the Philippines (AFP) camp in Indanan, on the island of Jolo, killing at least 5 and wounding 22 soldiers and civilians.<sup>34</sup> According to media reports, approximately 300 newly deployed soldiers were based at this camp in support of operations against the Abu Sayyaf Group

Figure 1.

**Map of Jolo, Sulu where two suicide bombers attacked an AFP camp, June 28, 2019.**



(ASG), the largest constituent faction of ISIS-EA. An AFP spokesperson stated that the first attacker was stopped at the gate but managed to detonate his explosive device, after which the second attacker rushed the gate and set off his bomb.<sup>35</sup>

Philippine National Police (PNP) Chief, General Oscar Albayalde, told reporters that investigators identified at least one of the bombers as a Filipino, making this the country's first confirmed suicide bombing by a Philippine national.<sup>36</sup> While the southern Philippines has struggled with violent separatism and jihadism for decades, suicide attacks were virtually unheard of until the rise of ISIS. The small number of suicide bombings that have been reported since the 2017 Marawi siege were all carried out by foreign fighters.<sup>37</sup>

Citing Philippine intelligence, Philippine Interior Secretary Eduardo Año stated that an ASG leader and potential ISIS-EA "emir," Hatib Hajan Sawadjaan, most likely planned the attack and harbored the two suicide bombers. Philippine officials also blamed Sawadjaan for organizing two previous suicide bombings at a security checkpoint on Lamitan in July 2018 and a Roman Catholic cathedral on Jolo in January 2019, both of which were carried out by foreign nationals.<sup>38</sup> The international leadership of ISIS (ISIS-Core) claimed responsibility for the Indanan attack in a statement that included pictures of the alleged attackers wearing explosive vests and standing in front of a black ISIS flag. However, media reports did not indicate whether ISIS-Core provided any resources or material support for the attack.<sup>39</sup>

In response to the bombing, an AFP spokesperson told reporters, "The most significant implication now that we have a Filipino suicide bomber... is that this should open a new mindset that we have a different security environment."<sup>40</sup> While U.S. and Philippine officials have previously operated under the assumption that the Filipino people are culturally disinclined to conduct suicide attacks, an Indonesia-based terrorism analyst cautioned the authorities not to take this for granted, stating, "This isn't about culture, it's about indoctrination, and no one is culturally 'immune.'"<sup>41</sup>

In responses made to the DoD OIG before this attack took place, USINDOPACOM stated that ISIS-EA was "not shifting tactics to place greater emphasis on suicide attacks," that "Filipinos are not culturally or ideologically inclined to conduct suicide attacks," and that future suicide bombings in the Philippines would likely incorporate foreign fighters from outside Southeast Asia.<sup>42</sup> In previous quarters, USINDOPACOM stated to the DoD OIG that an absence of indigenous suicide bombings was one indicator that Philippine jihadist groups had co-opted the aesthetics and reputation of ISIS without fully incorporating its ideology.<sup>43</sup> According to Philippine officials, this quarter's suicide bombing in Indanan was evidence that Philippine jihadists have not universally rejected the extremist ideology of ISIS.<sup>44</sup>

## ISIS-EA Continues to Threaten Peace Despite Lack of Unified Leadership and Organization

This quarter, ISIS-EA continued to operate without a unified leader, as it has since its first "emir," Isnilon Hapilon, was killed by AFP operations near Marawi in October 2017. According to USINDOPACOM, ASG sub-commander Sawadjaan was selected by a large segment of ISIS-EA as the group's new emir in 2018. However, some faction leaders opposed his selection, and he has not been officially confirmed in the role by ISIS-Core.<sup>45</sup> Despite the lack of unified leadership, Sawadjaan has established himself as the most

**Philippine National Police (PNP) Chief, General Oscar Albayalde, told reporters that investigators identified at least one of the bombers as a Filipino, making this the country's first confirmed suicide bombing by a Philippine national.**





**Philippine President Rodrigo Duterte inspects firearms confiscated from terrorists at Camp Teodulfo Bautista in Jolo, Sulu. (Philippines Presidential Communications photo)**

influential ISIS-EA leader in the Philippines, commanding the largest faction of fighters. He was also implicated in the Philippines’ two deadliest terrorist attacks of 2019: the Jolo cathedral bombing in January and the Indanan army camp attack in June, which took place within 10 miles of each other on the island of Jolo.<sup>46</sup>

The relationship between ISIS-EA and ISIS-Core is a major factor USINDOPACOM uses to assess the relative strength of the Philippine affiliates. USINDOPACOM stated that it was not aware of any financial or other support from ISIS-Core to ISIS-EA this quarter and reported no change in the dynamics between the two groups since last quarter.<sup>47</sup> Additionally, USINDOPACOM reported no changes in ISIS-EA’s command and control structure or the group’s operational capabilities, including its ability to build explosive devices.<sup>48</sup>

USINDOPACOM reported to the DoD OIG that despite several high-profile terrorist attacks, ISIS-EA was incapable of conducting large-scale attacks and would likely remain limited in this capacity for the near future. USINDOPACOM has defined “large-scale” attacks as having a casualty toll of more than 100 and cited the 2002 Bali, Indonesia, bombings as an example. USINDOPACOM stated that a lack of unified leadership, funding, cohesion between factions, and support from ISIS-Core would prevent ISIS-EA from carrying out large-scale attacks.<sup>49</sup>

In response to DoD OIG questions regarding foreign terrorist fighters in the Philippines, USINDOPACOM reported that it had no information to indicate a significant influx or exodus but concurred with the Philippine government’s estimate that there were approximately 10 foreign fighters in the country.<sup>50</sup> However, USINDOPACOM stated that individual terrorists were likely exploiting vulnerabilities in the Philippines’ maritime security environment.<sup>51</sup> While some Philippine jihadists traveled to Syria to fight for ISIS at the peak of the fighting there, USINDOPACOM reported that it has no information on whether any of these fighters were returning home.<sup>52</sup>

According to USINDOPACOM, ISIS-EA did not gain or lose any territory this quarter and continued to operate in the same regions of the southern Philippines, specifically the island of Mindanao and the Sulu archipelago.<sup>53</sup> In response to a question from the DoD OIG about

the strength of the various ISIS-EA factions, USINDOPACOM cited figures from an AFP assessment that put the total strength of ISIS-EA at 574 fighters, including 424 members of the ASG; 85 members of the Bangsamoro Islamic Freedom Fighters-Esmael faction; 59 members of the Maute Group; and 6 members of the Ansar Khalifa Philippines faction.<sup>54</sup>

These numbers suggest that the ASG's relative strength within ISIS-EA has grown over the last year. During the same quarter in 2018, USINDOPACOM estimated that there were approximately 200 ISIS-affiliated fighters in the Philippines, split roughly evenly among ASG, the Maute Group, Bangsamoro Islamic Freedom Fighters, and Ansar Khalifa Philippines.<sup>55</sup>

According to USINDOPACOM, the ASG faction operating in the Sulu archipelago was the strongest ISIS-affiliated group and most capable of large-scale attacks this quarter. USINDOPACOM stated that these fighters were sustained by clan and family members who support the factions and members, if not necessarily the ISIS ideology.<sup>56</sup> Although USINDOPACOM did not provide an independent assessment of ISIS-EA force strength, it did state that there was no change in these factions' numbers since last quarter.<sup>57</sup>

ISIS-EA is composed of multiple ethnic groups united by the common idea that they are marginalized by the Philippine government. USINDOPACOM assessed that anti-government sentiments are ISIS-EA's primary source of power and center of gravity, as evidenced by continued attacks against government security forces.<sup>58</sup>

More detailed information on the leadership, structure, membership, and capabilities of ISIS-EA is included in the classified appendix to this report.

### **AFP Struggles to Recover ASG Kidnapping Victims**

Kidnapping-for-ransom has long been a major source of operating revenue for the ASG, and several kidnapping incidents this quarter presented challenges for Philippine security forces. On April 6, AFP marines conducted a rescue mission for three hostages held by the ASG on Simusa island in southern Sulu province. According to media sources, Heri Ardiansyah, an Indonesian national, escaped during the fighting and swam into the ocean, where he was rescued by an AFP gunboat. Another Indonesian hostage drowned after escaping separately. The third hostage, a Malaysian national, was shot by the militants while attempting to escape. He was recovered by the AFP alive but in critical condition. Three ASG militants were killed in the fighting.<sup>59</sup>

Media reports stated that the three hostages were kidnapped off the coast of Malaysia's Sabah region in December 2018 and had been held by Sawadjaan's faction of the ASG. Fighting continued after the hostage rescue attempt, which involved approximately 80 ASG fighters and left 3 soldiers and 4 militants dead with several additional wounded on both sides, according to media reports.<sup>60</sup> Several days after the fighting, the AFP found the remains of a suspected ASG fighter and arrested another in the same region. According to media sources, Aldie Wajid was apprehended and found in possession of a handgun and two rolls of electrical wire (possibly for constructing explosive devices). Philippine authorities believe Wajid fought under Sawadjaan's command.<sup>61</sup>

**Philippine kidnap-for-ransom gangs raided 2 fishing boats and abducted 10 crew members on June 18, off the coast of Sabah.**

Ewold Horn, a Dutch wildlife photographer held by an ASG kidnap-for-ransom cell, was killed by his captors on May 31. According to media sources, Horn was shot as he attempted to flee during a firefight between the militants and Philippine government forces on the island of Tawi-Tawi in the Sulu archipelago. Horn was taken prisoner in 2012 along with a Swiss companion, Lorenzo Vinciguerra, who managed to escape in 2014. Media reports also stated that six militants and the wife of Radullan Sahiron, a senior ASG leader, were also killed in that incident. An AFP spokesperson told reporters that Sahiron likely escaped the clash.<sup>62</sup>

According to media sources, Philippine kidnap-for-ransom gangs raided 2 fishing boats and abducted 10 crew members on June 18, off the coast of Sabah. A Malaysian official told reporters that ASG militants were the government's prime suspects in the abduction. The incident followed a 6-month lull in kidnappings in the region and trilateral efforts by the Philippines, Malaysia, and Indonesia to enhance maritime border security.<sup>63</sup> Earlier this quarter, a senior Malaysian law enforcement official told reporters that ISIS-affiliated terrorists were using Sabah, which shares a maritime border with the Philippines, as a transit point between Malaysia, the Philippines, and other Southeast Asian countries. According to local media reports, Malaysian forces arrested nine individuals with suspected ties to al Qaeda affiliates, including six Egyptian nationals and one Tunisian, allegedly planning to transit the region to conduct large-scale terrorist attacks in other countries.<sup>64</sup>

### **ISIS-EA Targets Meeting Between AFP and Village Elders**

On May 26, a clash between ISIS-EA and the AFP on the island of Jolo left six militants and two children dead. Five soldiers and two other civilians were also wounded. According to media reports, the soldiers were in the area, long known to be an ASG stronghold, to discuss development projects with village elders, when approximately 30 ASG fighters attacked. An AFP spokesperson told reporters that the militants likely targeted this meeting because they view positive interactions between government forces and the population as a threat to their own influence with local villagers.<sup>65</sup>

## **CAPACITY BUILDING**

### **Training Exercise Focuses on Insurgent and State Actor Threats**

Outside the scope of OPE-P, U.S. forces participated in several training exercises with their Philippine partners this quarter that were designed to build various AFP capabilities, including counterterrorism. Most significantly, in the 35th annual Exercise Balikatan, approximately 3,500 U.S. military personnel conducted a wide range of training activities with 4,000 Philippine and 50 Australian troops from April 1 to 12, 2019. Balikatan is the largest annual training exercise between U.S. and Philippine military forces, and the 2019 exercise focused on tasks such as Brigade Combat Team maneuvers, maritime security operations, combined arms live fire, close air support, amphibious operations, and humanitarian and civic assistance projects, all of which USINDOPACOM stated were relevant to the AFP's counterterrorism efforts. An additional goal of the exercise was to build upon existing military-to-military relationships and improve interoperability of U.S. and Philippine forces.<sup>66</sup>



**F-35B Lightning II aircraft are secured to the flight deck as sailors man the rails aboard the amphibious assault ship USS *Wasp*. (U.S. Navy photo)**



According to media sources, the 2019 Exercise Balikatan included training activities to prepare the AFP to combat both conventional military and insurgent threats. A U.S. Army spokesperson stated, “If [the Philippines] were to have any small islands taken over by a foreign military, this is definitely a dress rehearsal that can be used in the future.” Many of the elements of this exercise were requested by the 1-year old Philippine Special Operations Command to prepare for scenarios, such as a foreign-power invasion, while simultaneously fighting extremist militants. An AFP spokesperson told reporters that he hoped the training would address some of the issues that challenged the Philippine forces during the 2017 siege of Marawi, such as overreliance on special operations units and difficulty coordinating accurate airstrikes.<sup>67</sup>

This was the first Exercise Balikatan to incorporate the U.S. Marine Corps’ F-35B Lightning II combat aircraft. According to USINDOPACOM, these assets are typically deployed aboard large-deck amphibious ships and represent the ability of U.S. forces to forward deploy in the event of an international crisis in the region.<sup>68</sup>

### **Additional U.S. Counterterrorism Training and Equipment Support Focuses on Core Capabilities**

USINDOPACOM reported several smaller training exercises with the AFP this quarter, including two exercises conducted by mobile training teams focused on counter-explosives and small unit tactics in urban combat scenarios. According to USINDOPACOM, these activities were designed to rebuild special operations capacity that the AFP lost due to casualties in the Marawi siege.<sup>69</sup> Additionally, U.S. Army elements helped the AFP’s newly established 1st Brigade Combat Team prepare for deployment to the Sulu archipelago. Under Exercise Salaknib, U.S. and Philippine partners conducted combined arms live fire and trained for potential missions the 1st Brigade Combat Team might undertake in Sulu. Finally, a team from the DoD’s Institute for Security Governance visited the Philippines this quarter and conducted training with AFP units to improve the quality of unmanned aerial programs and special operations forces’ headquarters capabilities.<sup>70</sup>

According to USINDOPACOM, the DoD provided \$16 million worth of equipment to the AFP special operations forces in May, separate from the OPE-P mission. The equipment included night vision devices; tactical radios; a small, unmanned aircraft system for intelligence, surveillance, and reconnaissance (ISR); and a tactical operations center system, which includes everything needed to establish a functioning operations center, such as tents, trailers, radios, computers, audio/visual presentation devices, and generators. The total cost includes training on this materiel, which will be provided throughout the summer of 2019.<sup>71</sup>

USINDOPACOM stated that these resources were provided with the goal of improving the AFP special operations forces' ability to conduct night operations; improve their tactical ISR capabilities; and generally enhance their command, control, and communications.<sup>72</sup>

More detailed information on USINDOPACOM's efforts to support the AFP can be found in the classified appendix to this report.

### **DoS Provides Law Enforcement Training to the PNP and Peacekeeping Training to Military Personnel**

The DoS Bureau of Diplomatic Security, Bureau of Counterterrorism and Countering Violent Extremism, and U.S. Embassy Manila conducted 10 training courses with Philippine partners this quarter and has 23 planned for next quarter, according to the DoS. Courses conducted in the Philippines this quarter included crisis response and critical infrastructure, airport, and bus and rail system security. This training, provided through the DoS Anti-Terrorism Assistance program, was primarily directed toward the PNP's special security operations units, the Special Action Force.<sup>73</sup>



**U.S. and Philippine soldiers hone their marksmanship skills at a range during Exercise Salaknib. (U.S. Army photo)**



Additionally, the DoS reported that it planned to build a Regional Counterterrorism Training Center, designed to provide anti-terrorism training to law enforcement units from the Philippines and other regional partner nations. The DoS stated that a Memorandum of Understanding between the U.S. and Philippine governments, which is necessary before construction can begin, had not been signed and was still with the Philippine President's office as of the end of the quarter.<sup>74</sup> According to media reports, the DoS operates similar training centers in Jordan and Senegal. These centers train local first responders in domestic counterterrorism capacities, such as quick-reaction force tactics, protection of national leadership, special weapons use, crisis response, emergency medical capabilities, and bomb response.<sup>75</sup>

The DoS Bureau of Political-Military Affairs stated that it conducted two peacekeeping training courses for military personnel in the Philippines this quarter—one course focused on protection of civilians and the other focused on emergency medical response. The DoS also supported two regional military peacekeeping training courses outside the country with participants from the Philippines: a UN logistics course in April and a multinational peacekeeping exercise cosponsored by USINDOPACOM in June.<sup>76</sup>

**U.S. and Philippine Navy divers train alongside one another to survey, locate, and recover items. (U.S. Marine Corps photo)**





## Philippine Security Forces Look to Israel for Counterterrorism Training

At the end of June, a 10-person delegation from the Israel Defense Forces began a 2-week counterterrorism training exercise with 175 AFP special operations officers at Fort Bonifacio, north of Manila. While Israel had a pre-existing relationship as a supplier of military weapons to the Philippines, this was the first joint training exercise between the two countries' militaries. AFP Lieutenant General Macairog Alberto told reporters, "The Philippine Army sees the collaboration with other armies in addressing terrorism as necessary after its experience during the Marawi siege in 2017," and he emphasized the importance of international cooperation in facing this threat.<sup>77</sup>

According to media reports, the PNP requested anti-terrorism training assistance from the Israeli police this quarter. Upon returning from an official visit to Israel from May 27 to June 1, PNP Chief Albayalde praised the efficacy of Israeli law enforcement officers, who deal with terrorist threats on a daily basis. Although no formal announcement was made regarding future training, Albayalde told reporters that his Israeli counterparts "expressed willingness to train Filipino police officers on anti-terrorism."<sup>78</sup>

USINDOPACOM reported to the DoD OIG that the DoD did not provide support to the PNP this quarter, adding that while USINDOPACOM had designed proposals to build partner capacity of the PNP in the past, none was approved by the DoD.<sup>79</sup>

## DIPLOMACY AND POLITICAL DEVELOPMENTS

### Bangsamoro Government Begins Work without Pay

Last quarter, voters in the southern Philippines approved the establishment of the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), a new regional political entity designed to provide enhanced self-governance to the Muslim-majority provinces of Lanao del Sur (including Marawi), Maguindanao, Basilan, Sulu, Tawi-Tawi, and parts of North Cotabato. Establishment of the BARMM was the culmination of a peace agreement signed in 2014 between the Philippine government and the country's largest Islamist extremist group, the Moro Islamic Liberation Front (MILF). As part of the peace agreement, the Bangsamoro Transition Authority (BTA) was convened as an interim legislature for the BARMM until parliamentary elections, currently scheduled for 2022, can take place. MILF members hold the chairmanship and a majority of the BTA's 80 seats.<sup>80</sup>

Media sources reported that as of June 20, the members and staff of the BTA had not received any salaries since the new government was established in February. A BTA member told reporters that in the absence of a budget or physical offices, legislators and staff have been living off personal funds while conducting meetings in makeshift office space.<sup>81</sup>

According to a DoS cable in mid-June, the Philippine Congress had not appropriated funding for the BARMM, which had no budget for 2019. The law that created the new regional government allows it to raise taxes locally and provides an annual stipend from the federal government. However, by the end of the quarter, the BTA had not yet established a functional system of local taxation, and the federal stipend was not scheduled to begin until 2020, leaving the BTA without a reliable funding stream during much of its first year in operation.<sup>82</sup>

**According to a DoS cable in mid-June, the Philippine Congress had not appropriated funding for the BARMM, which had no budget for 2019.**

After the end of the quarter, a spokesperson for the Philippine President announced the release of federal funds to pay the BTA members from July to December 2019. However, the government's statement did not mention whether funds would be allocated for back pay, staff salaries, or office space.<sup>83</sup>

## **First U.S. Embassy Meeting with BARMM Reveals Governing Challenges**

On June 8, U.S. Embassy Manila convened a half-day of consultations with the BTA in the first official engagement with the BARMM government. According to a DoS cable, the discussions covered practical legislative and administrative matters, such as how to hire committee staff, manage floor debate, and pass bills into law, highlighting the governing inexperience of many of the MILF members who now constitute the legislature of the BARMM.<sup>84</sup>

According to the cable, BTA members faced an “ambitious” 6-month deadline to draft several major pieces of legislation, including laws related to internal revenue, civil service, local government, education, elections, and an administrative code. The cable stated that the administrative code was especially significant, because it will establish the position of a secretary general who will oversee the legislature.<sup>85</sup>

Additionally, the cable stated that the elderly former senior MILF commanders, who comprise the majority of the BTA and hold all committee chairs, did not observe rules of parliamentary procedure, kept irregular schedules, spoke out of turn, and showed little interest in drafting legislation. The cable stated that the majority leader was occasionally the only member of the majority at committee meetings and was then outvoted by the minority.<sup>86</sup>

## **Success or Failure of the BARMM May Influence Future ISIS-EA Recruitment**

Despite these challenges, media sources reported that the new regional government gained support this quarter in Sulu, the only province that voted against the referendum. The newly elected governor of Sulu province, who had previously campaigned against the establishment of the BARMM, declared that the “people have spoken” and stressed the importance of working together to avoid the bloodshed that marked the decades of MILF insurrection.<sup>87</sup> BARMM interim Chief Minister and MILF Chairman Murad Ebrahim welcomed the Sulu governor's support.<sup>88</sup>

Additionally, in response to the Indanan bombing (see pages 7-8), Murad made an appeal to members of ISIS-EA factions, stating that the BARMM was “open for dialogue with them because we feel and believe most of these splinter groups were frustrated with the government.”<sup>89</sup> Murad told reporters that the MILF's peace agreement with the Philippine government included a general amnesty for political crimes. He stated that while this would not cover fighters who took part in the 2017 Marawi siege, other members of ISIS-EA factions could be eligible for the amnesty.<sup>90</sup>

The International Crisis Group, a nongovernmental organization that studies violent conflicts, released a report on June 27, which stated that, despite the ongoing peace process,

**One of the key challenges to the Bangsamoro peace process will be integrating 40,000 MILF fighters into civilian life.**

Islamic militancy remained a serious threat in the southern Philippines. The report said that while the ISIS-affiliated groups in the Philippines were weakened and smaller in numbers than the MILF, a series of terrorist attacks could erode public confidence in the BARMM. The report emphasized that if the BTA could meet popular expectations regarding delivery of public services, such as health, education, and infrastructure, and do so in a transparent fashion with local buy-in, a successful BARMM could mitigate the anti-government sentiments that have historically driven Islamist militancy in the Philippines. Conversely, the report stated that failure of the BARMM, either through internal shortcomings or external pressure from insurgents, could generate frustration that would reinvigorate jihadist sentiments. The report also stated that the AFP should avoid heavy-handed tactics that displace civilians and stir local anger, such as aerial bombardments and artillery fire, unless absolutely necessary.<sup>91</sup>

One of the key challenges to the Bangsamoro peace process will be integrating 40,000 MILF fighters into civilian life. According to the International Crisis Group report, details were still being worked out regarding benefit packages, including vocational training, scholarships, and cash, for decommissioned fighters. The report stated that benefits for a small group of demobilized fighters in 2015 failed to meet those combatants' and their communities' expectations. The BARMM minister of finance was cited in the report saying that MILF combatants will be closely watching to see what benefits the first group of decommissioned fighters receives. He added that fighters who feel abandoned by their leadership and personally betrayed in the deal may be inclined to join violent extremist groups outside the peace process.<sup>92</sup>

More detailed information on the BARMM and Bangsamoro peace process is included in the classified appendix to this report.

## **HUMANITARIAN ASSISTANCE AND RECOVERY**

### **IDPs Remain in Temporary Shelters Due to Delays in Transitional Housing Construction**

The number of internally displaced persons (IDP) from the Marawi conflict, which reached 353,000 in December 2017, has remained relatively level since about July 2018. This quarter, the UN Office for the Coordination of Humanitarian Affairs reported no significant change in this population, which numbered approximately 66,000.<sup>93</sup> These IDPs reside mainly with host families (80 percent), although some were still in evacuation centers (7 percent) and temporary shelters (13 percent). USAID reported to the USAID OIG that the majority of these long-term IDPs were former residents of the section of Marawi that was most severely damaged in the 2017 siege and which is no longer habitable. As noted in previous Lead IG quarterly reports, IDPs are not expected to be able to return to this part of the city for at least 2 to 3 years due to debris removal and other reconstruction challenges.<sup>94</sup>

According to media reporting, IDPs have been frustrated by the length of time they have spent in temporary shelters. Some IDPs have been living in tent cities for nearly 2 years, and it could take several more years before they are able to return to the most affected parts of Marawi. USAID reported that as of May 2019, the Philippine National Housing Authority



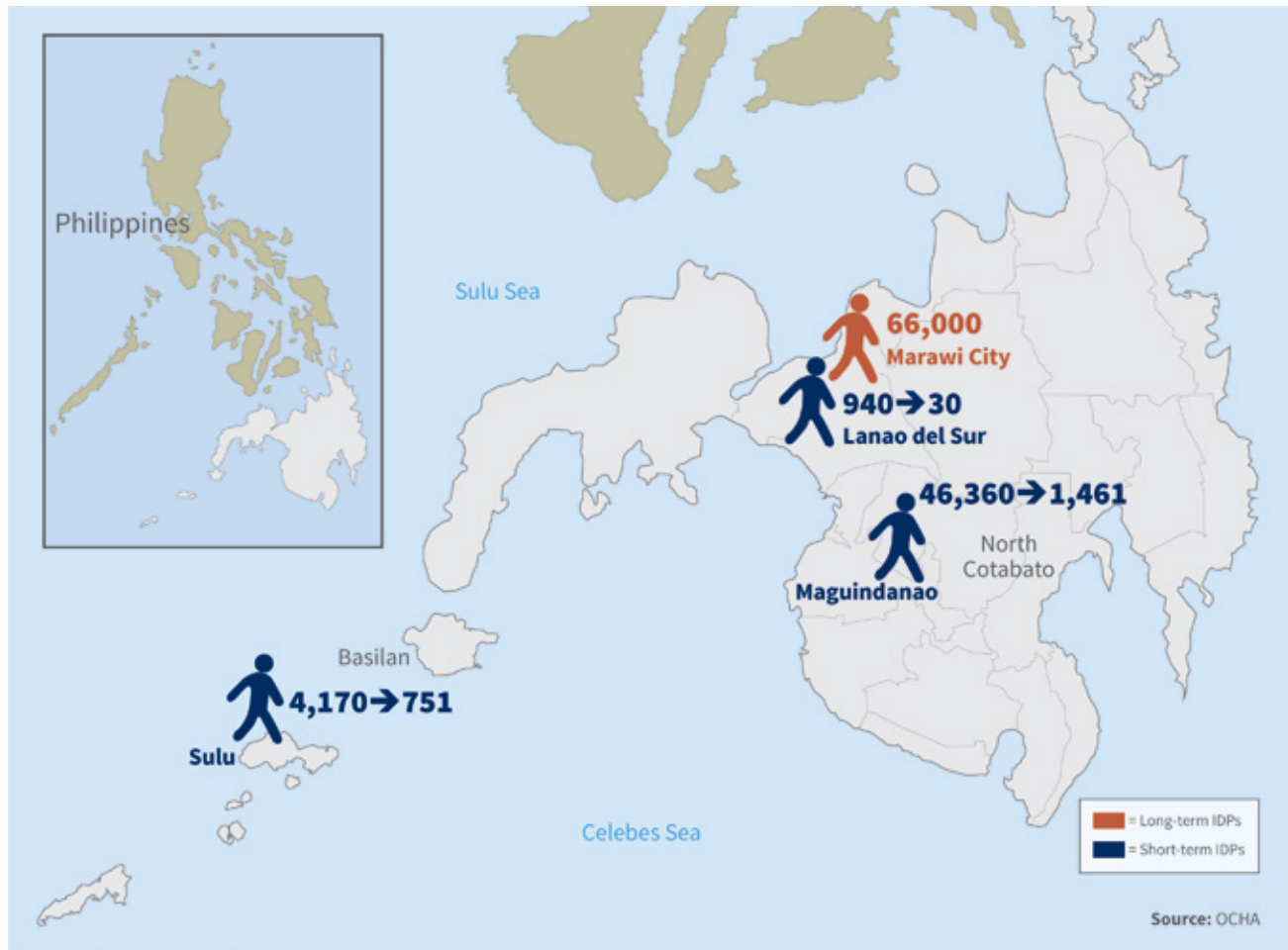
had only completed a quarter of its planned 6,932 transitional shelters and struggled to acquire land for the construction of additional temporary housing units. According to USAID, even if the Philippine government were able to meet its targets, housing stock would still fall short of the needs of the 12,000 households that were living in the most affected areas of Marawi.<sup>95</sup>

### Recent Fighting Results in Significant but Short-term Displacement of Residents

Since the Marawi siege of 2017, subsequent AFP operations against ISIS-EA and other violent extremist groups have displaced approximately 51,000 additional residents in the provinces of Maguindanao, Lanao del Sur, and Sulu, all of which have a significant ISIS-EA presence. However, because these areas did not suffer the same level of infrastructure

Figure 1.

Changes in Number of IDPs in Southern Philippines from May 2, 2019, to June 19, 2019



**According to the DoS, the U.S. Government has not provided support in clearing unexploded ordnance from the area because the Philippine government has not requested such assistance.**

damage that has prevented returns to Marawi, a majority of these new IDPs were able to return to their places of origin as of June 2019.<sup>96</sup>

Local authorities led the response to these short-term displacements, with the support of the International Committee of the Red Cross and other international donors and humanitarian partners. USAID reported that it committed funding during the quarter to assist 1,650 IDP households impacted by the military operations in Maguindanao.<sup>97</sup>

### **Debris Removal and Contractor Disputes Delay Marawi Reconstruction**

Following months of negotiations with the Philippine government, two Chinese construction consortia withdrew from the bidding process for rebuilding contracts in 2018. According to media reporting, local residents expressed concerns about the consequences of Chinese investment and voiced opposition to Chinese firms' plans to bring in their own laborers rather than hire unemployed local residents. Limited debris removal started in late March for families who consented to have their property cleared, according to USAID.<sup>98</sup>

Eduardo Del Rosario, chairman of Task Force Bangon Marawi—the Marawi rebuilding task force—told reporters that uncertainty about property rights and ownership has complicated efforts to rebuild. Del Rosario said that the Philippine government cannot legally demolish a damaged building without consent of the owner, and many residents have filed competing claims over damaged and destroyed property. He noted that 55 percent of property owners in the area did not have titles for their real estate. A significant number of these residents did not agree to debris removal, fearing that in the absence of a clear land title, removal of the damaged infrastructure might jeopardize their claims.<sup>99</sup>

Del Rosario also said that clearance of unexploded ordnance was not yet completed, which posed an additional barrier to reconstruction. Local media reports questioned whether the Philippine government or local contractors possessed the means and expertise to remove the remaining explosives safely.<sup>100</sup> According to the DoS, the U.S. Government has not provided support in clearing unexploded ordnance from the area because the Philippine government has not requested such assistance. The DoS stated that the Philippines “has significant capacity” to respond to this challenge.<sup>101</sup>

A group representing IDPs and affected residents of Marawi expressed their disappointment with these delays and called on Philippine President Rodrigo Duterte to remove top officials of the National Housing Authority, Housing and Urban Development Coordinating Council, and Task Force Bangon Marawi. While the Task Force Bangon Marawi has a deadline of 2021 for rebuilding, it has still not released a Comprehensive Rehabilitation and Reconstruction Plan for the most affected areas of the city, according to USAID. The Task Force announced August 30, 2019, as the target completion date for debris removal, but it was uncertain if this deadline would be met.<sup>102</sup>

USAID reported that its activities in Marawi did not include support for infrastructure reconstruction.<sup>103</sup>

A temporary shelter in Pataon. (USAID/Catholic Relief Services photo)



## USAID Programs Focus on Rebuilding Communities and Countering Violent Extremism

This quarter, USAID reported that it undertook two activities that supported recovery efforts in Marawi and the surrounding communities and three programs related to countering violent extremism, one of which ended this quarter.<sup>104</sup> During the quarter, USAID reported it granted no-cost extensions for two humanitarian assistance grants, and USAID’s Office of U.S. Foreign Disaster Assistance committed more than \$4.5 million in new funding to help rebuild communities through support for transitional shelter, water, sanitation, hygiene, and protection efforts for an additional 12 months.<sup>105</sup>

Table 1.

### USAID Programs in Marawi this Quarter

USAID RECOVERY SUPPORT FOR THE MARAWI CONFLICT	
<p><b>Marawi Response Program</b> (\$25 million)</p>	<p>Awarded 25 micro-grants for 11,629 IDPs and host community families and 55 business recovery grants, in addition to providing workforce readiness and entrepreneur training programs. These grants are intended to support economic recovery and improve relations between IDPs and host communities.</p>
<p><b>Strengthening Urban Resilience for Growth with Equity</b> (\$1.75 million)</p>	<p>Continuing efforts to increase access to safe drinking water for IDPs in the areas around Marawi with surveys for ground water completed in three transitory shelters and two permanent resettlement areas. Three water supply systems will also be installed, and three additional surveys are planned. This activity also provided business development assistance to nearly 4,000 IDPs.</p>



**USAID SUPPORT FOR COUNTERING VIOLENT EXTREMISM ON MINDANAO****Project PeaceConnect**  
(\$4.9 million)

In response to attacks earlier this year on a cathedral and a mosque, supported public mobilization efforts, including prayer rallies, solidarity marches, public statements, and a press conference calling for Muslim and Christian unity. USAID reported that this activity supported town halls with more than 3,400 participants related to the campaign and plebiscite for the ratification of the Bangsamoro Organic Law.

**Education Governance Effectiveness**  
(\$11 million, \$1.5 million targeted for Marawi)

Developed a tracking database and conducted capacity workshops to prevent school dropouts and keep children in school. Poor and uneducated youth in the BARMM are vulnerable targets for recruitment by extremist groups. Analysis of this program's effectiveness was ongoing this quarter.

**Applying Bonding, Binding and Bridging for Peace Project**  
(\$1.1 million)\*

Conducted activities with 907 participants to improve the skills of traditional religious leaders, women, and youth leaders to interact with their own and other identity groups. According to USAID, 55 interpersonal conflicts involving property disputes, miscommunication, youth violence, domestic issues, and public disturbances were resolved or mediated.

\* This activity ended this quarter.

Source: USAID/Asia Bureau

**BUDGET EXECUTION AND PERSONNEL****OPE-P Budget Execution on Track for FY 2019**

USINDOPACOM reported that as of June 18, 2019, the DoD had obligated \$30.6 million out of its \$108.8 million budget for OPE-P in FY 2019. Contracted ISR support was the largest single item in the OPE-P budget at \$41.8 million (\$16 million obligated as of this quarter). The second largest item was \$24.8 million for contracted casualty evacuation and personnel recovery services (not yet obligated as of this quarter). USINDOPACOM stated that it expects to obligate both of these contracts before the end of the fiscal year. Additional OPE-P costs identified in FY 2019 included transportation, base operating support, and other contracted ISR support. According to USINDOPACOM, all funds in direct support of OPE-P will be drawn from the DoD's OCO budget.<sup>106</sup>

**USINDOPACOM Resumes Reporting Releasable OPE-P Personnel Numbers**

USINDOPACOM reported to the DoD OIG that OPE-P was supported by approximately 200 U.S. military personnel, 100 contractors, and 1 DoD civilian employee during this quarter.<sup>107</sup> Last quarter, USINDOPACOM stated that personnel numbers were classified and did not provide releasable data.<sup>108</sup> USINDOPACOM previously reported higher numbers of personnel supporting OPE-P, which were published in Lead IG quarterly reports. USINDOPACOM stated that this apparent change does not reflect a discrepancy in its reporting or an alteration of the mission but rather day-to-day fluctuations over the course of operations due to the missions taking place, introduction of new capabilities, and the normal rotation of forces.<sup>109</sup>

## OVERSIGHT ACTIVITIES

This section of the report provides information on Lead IG and partner agencies' strategic planning efforts; their ongoing audits, inspections, evaluations, and investigations; and hotline activities from April 1 through June 30, 2019, related to OPE-P.

### STRATEGIC PLANNING

Pursuant to Section 8L of the Inspector General Act, the Lead IG develops and implements a joint strategic plan to guide comprehensive oversight of programs and operations for each overseas contingency operation. This effort includes reviewing and analyzing completed oversight, management, and other relevant reports to identify systemic problems, trends, lessons learned, and best practices to inform future oversight projects. The Lead IG agencies issue an annual joint strategic plan for each operation.

#### FY 2019 Joint Strategic Oversight Plan Activities

The first annual plan describing oversight activities for OPE-P, the FY 2019 *Joint Strategic Oversight Plan for Operation Pacific Eagle-Philippines*, was issued on October 1, 2018.

The plan organized oversight projects related to OPE-P into three strategic oversight areas: Security, Humanitarian Assistance and Recovery, and Support to Mission. The strategic plan was included in the FY 2019 *Comprehensive Oversight Plan for Overseas Contingency Operations* and will be updated annually.

### AUDIT, INSPECTION, AND EVALUATION ACTIVITY

The Lead IG agencies use permanent and temporary employees, as well as contractors, to conduct oversight projects, investigate fraud and corruption, and provide strategic planning and reporting. Oversight teams travel to the Philippines and other locations in the region to conduct fieldwork for their oversight projects. In addition, the USAID OIG has a field office in Manila that covers USAID's operations in Philippines and other countries in the region, enabling it to monitor events on the ground.

This quarter, the DoD OIG completed one report related to aviation readiness for units assigned to USINDOPACOM. USAID OIG completed one report related to a financial audit of a governance assistance project. As of June 30, 2019, four oversight projects were ongoing, and one was planned. Project titles and objectives for the ongoing and planned oversight projects can be found in Appendix C.



**FY 2019  
Comprehensive  
Oversight Plan  
for Overseas  
Contingency  
Operations**

## Lead IG Strategic Oversight Areas

### SECURITY

*Security* focuses on determining the degree to which the contingency operation is accomplishing its mission to defeat violent extremists by providing security assistance to partner security forces. Activities that fall under this strategic oversight area include:

- Conducting counterterrorism operations against violent extremist organizations
- Training and equipping partner security forces
- Advising and assisting partner security forces
- Advising and assisting ministry-level security officials

### HUMANITARIAN ASSISTANCE AND RECOVERY

*Humanitarian Assistance and Recovery* focuses on aid intended to save lives, alleviate suffering, and maintain human dignity during and after conflict, as well as to prevent and strengthen preparedness for such crises. Distinct and separate from military operations, activities that fall under this strategic oversight area include:

- Providing food, water, medical care, emergency relief, and shelter to people affected by crisis
- Building resilience by supporting community-based mechanisms that incorporate national disaster risk reduction, emergency preparedness, and humanitarian response systems
- Assisting and protecting internally displaced persons and returning refugees
- Setting the conditions that enable recovery and promote strong, positive social cohesion

### SUPPORT TO MISSION

*Support to Mission* focuses on the United States' administrative, logistical, and management efforts that enable military operations, empower host-nation governance, and provide humanitarian assistance to the local population. Activities that fall under this strategic oversight area include:

- Ensuring the security of U.S. personnel and property
- Providing for the occupational health and safety of personnel
- Supporting the logistical needs of U.S. installations
- Managing government grants and contracts
- Administering government programs



## Final Reports

### DEPARTMENT OF DEFENSE OFFICE OF INSPECTOR GENERAL

#### *Audit of Training Ranges Supporting Aviation Units in the U.S. Indo-Pacific Command*

DODIG-2019-081, April 17, 2019

The DoD OIG conducted this audit to determine whether training ranges and airspace had the capability and capacity to provide the necessary readiness for USINDOPACOM aviation units, including those that support OPE-P.

Specifically, the DoD OIG reviewed ranges located in Japan, South Korea, Hawaii, Alaska, Nevada, and Arizona. The audit focused on the ability of the ranges to provide realistic training conditions, targets, and threats, and their capacity to accommodate the number and types of aircraft and training missions that need to be flown—rotary-wing (helicopter), fixed-wing (airplane), and unmanned aircraft systems that have offensive air support.

The DoD OIG determined that the training ranges and airspace did not have the capability or capacity to support aviation readiness for units assigned to USINDOPACOM. As a result, the aviation units in the USINDOPACOM area of responsibility could not adequately train as they would fight, which the National Defense Strategy states is essential for success in accomplishing theater campaign and operation plan objectives.

The DoD OIG identified several reasons the training ranges and airspace capability and capacity limitations occurred. First, the training ranges' land, airspace, and impact areas were designed to meet outdated mission needs (e.g. most military training ranges were

**Five U.S. Air Force F-35A Lightning IIs line up before taking off at Luke Air Force Base, Arizona. (U.S. Air Force photo)**



established in rural areas, more than 75 years ago when the United States was preparing for World War II). Second, training ranges in Japan and South Korea have limited availability because the ranges are shared with the host nation forces. Third, funds available for modernizing range capabilities were prioritized for operations in Southwest Asia, and limited by congressional continuing resolutions. Fourth, protection of endangered species, safety considerations, and inclement weather limited range activities. Finally, the Army and Air Force lacked a clear command structure to jointly operate and manage the Joint Pacific Alaska Range Complex.

The DoD OIG made three recommendations to the Under Secretaries of Defense for Personnel and Readiness and for Acquisition and Sustainment to review the individual Services' range plans to address the requirement of the National Defense Authorization Act; develop and implement a plan to field and sustain DoD-wide solutions to address training gaps; and to develop and implement plans to synchronize Army and Air Force range management and use in Alaska for joint training events, individual and collective level training, and future F-35 training needs to ensure readiness and the ability to accomplish operation plans.

Management agreed with the recommendations.

## **U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

### ***Financial Audit of the Education Governance Effectiveness Program in the Philippines Managed by Synergeia Foundation, Inc., Cooperative Agreement AID-492-A-13-00008, January 1 to December 31, 2017***

5-492-19-039-R, June 7, 2019

USAID OIG issued a financial audit report on Synergeia Foundation, Inc., conducted by a contracted certified public accounting firm. The audit's objectives were to 1) express an opinion on whether the fund accountability statement for the period audited was presented fairly; 2) evaluate internal controls; and 3) determine whether the implementer complied with agreement terms and applicable laws and regulations, including cost-sharing contributions.

The financial audit covered \$1,333,941 in program costs for the Education Governance Effectiveness Program. The objectives of the Education Governance Effectiveness program were to improve education governance at the local level, improve transparency and accountability in education, and increase community engagement in local school systems. See page 21 of this report for more information on this program's activities related to countering violent extremism.

On the review of cost-sharing contributions, the audit firm reported that Synergeia Foundation, Inc. contributed \$524,588 during the period reviewed. There were no questioned cost-sharing contributions and no outstanding prior audit recommendations. During its review of the contracted accounting firm's work, USAID OIG noted excessive claims of per diem allowances and administrative issues regarding approval of vacation leave. Based on the results of the accounting firm's audit, USAID OIG did not make any recommendations.

## INVESTIGATIONS AND HOTLINE ACTIVITY

### Investigations

The investigative components of the Lead IG agencies and their partner agencies continued to conduct investigative activity related to OPE-P during the quarter, with some USAID investigators located in Manila.

The Lead IG agencies and partners coordinate their investigative efforts through the Fraud and Corruption Investigative Working Group, which consists of representatives from the Defense Criminal Investigative Service (DCIS, the DoD OIG's criminal investigative division), the DoS OIG, the USAID OIG, the U.S. Army Criminal Investigation Command, the Naval Criminal Investigative Service, and the Air Force Office of Special Investigations.

During the quarter the investigative components of the Lead IG agencies coordinated on two open investigations.

### Hotline

Each Lead IG agency maintains its own hotline to receive complaints and contacts specific to its agency. The hotlines provide a confidential, reliable means for individuals to report violations of law, rule, or regulation; mismanagement; gross waste of funds; and abuse of authority for independent review. A DoD OIG investigator coordinates the hotline contacts among the Lead IG agencies and others as appropriate. This quarter, the investigator did not receive any complaints related to OPE-P.





# APPENDICES

## APPENDIX A

### Classified Appendix to this Report

This unclassified report includes a classified appendix that elaborates on specific topics related to OPE-P, as noted in several sections of this report. For the period April 1 through June 30, 2019, the classified appendix includes the following topics:

- The OPE-P Execute Order modification
- U.S. counterterrorism activity and support
- Status of ISIS-EA
- Bangsamoro peace process

## APPENDIX B

### Methodology for Preparing this Lead IG Quarterly Report

This report is issued pursuant to sections 2, 4, and 8L of the Inspector General Act of 1978, which requires that the designated Lead IG provide a quarterly report, available to the public, on each overseas contingency operation. The DoD Inspector General is the designated Lead IG for OPE-P. The DoS Inspector General is the Associate Inspector General for OPE-P.

This report contains information from the three Lead IG agencies—DoD OIG, DoS OIG, and USAID OIG—as well as from partner oversight agencies. This report covers the period from April 1 through June 30, 2019.

To fulfill the congressional mandate to produce a quarterly report on OPE-P, the Lead IG agencies gather data and information from Federal agencies and open sources. Data and information used in this report are attributed to their source in endnotes to the text or notes to the tables and figures. Except for references to Lead IG and oversight partner agency audits, inspections, evaluations, or investigations, the Lead IG agencies have not independently verified and assessed all the data provided by other sources and included in this report. The humanitarian assistance section is based on public UN documents and information provided by USAID and the DoS.

#### REQUEST FOR INFORMATION

Each quarter, the Lead IG agencies direct a series of questions to agencies about their programs and operations related to OPE-P. The Lead IG agencies use the information provided by their respective agencies for quarterly reports and to determine where to conduct future audits and evaluations.

A U.S. Marine provides security during a beach assault exercise conducted at the Navy Education and Training Command, Zambales, Philippines. (U.S. Marine Corps photo)



## OPEN-SOURCE RESEARCH

This report also draws on current, publicly available information from reputable sources. Sources used in this report include the following:

- Information publicly released by U.S. Government departments and agencies
- Congressional testimonies
- Press conferences, especially DoD and DoS briefings
- United Nations (and relevant branches)
- Reports issued by non-governmental or research organizations
- Media reports

Materials collected through open source research also provide information to describe the status of OPE-P and help the Lead IG agencies assess information provided in their respective agency data call. However, in light of the operational realities and dynamic nature of OPE-P, the Lead IG agencies have limited time and ability to test, verify, and independently assess the assertions made by these agencies or open sources. This is particularly true where the Lead IG agencies have not yet provided oversight of these assertions through audits, inspections, or evaluations.

## REPORT PRODUCTION

The Lead IG is responsible for assembling and producing this report. As the Lead IG, the DoD OIG coordinates with the DoS OIG and the USAID OIG, which draft sections of the report related to the activities of their agencies. Each of the three OIGs participates in reviewing and editing the entire quarterly report.

The DoD OIG, DoS OIG, and USAID OIG provide the agencies who have responded to the data call with two opportunities to verify and comment on the content of the report. During the first review, agencies are asked to correct any inaccuracies and provide additional documentation. The three OIGs incorporate agency comments, where appropriate, and send the report back to the agencies for a final review for accuracy. Each OIG coordinates the review process with its own agency.

## APPENDIX C

# Ongoing and Planned Oversight Projects

Table 2 lists the title and objective for Lead IG and partner agencies ongoing oversight projects. Table 3 lists the title and objective for Lead IG and partner agencies planned oversight projects.

Table 2.

### Ongoing Oversight Projects by Lead IG Agency, as of June 30, 2019

#### DEPARTMENT OF DEFENSE OFFICE OF INSPECTOR GENERAL

##### ***Evaluation of Security Controls for ISR Supply Chains***

To evaluate security controls for ISR asset supply chains.

##### ***Audit of Readiness of Mobile Medical Teams Supporting Contingency Operations in the U.S. Africa Command and USINDOPACOM Areas of Responsibility***

To determine whether the Defense Health Agency and the Military Services are providing effective training to mobile medical teams prior to deploying to U.S. Africa Command and USINDOPACOM areas of responsibility in order to improve trauma care.

#### DEPARTMENT OF STATE OFFICE OF INSPECTOR GENERAL

##### ***Audit of Foreign Assistance to the Philippines***

To determine whether DoS-funded foreign assistance programs executed in the Philippines are monitored and evaluated in accordance with Federal and DoS requirements.

#### GOVERNMENT ACCOUNTABILITY OFFICE

##### ***Acquisition and Cross-Servicing Agreements***

To review various aspects of DoD use of acquisition and cross-servicing agreements, including 1) a list of current agreements signed by the United States; 2) the criteria and processes used to determine the need for acquisition and cross-servicing agreements; 3) the DoD's accounting of support provided under these agreements and receipt of reciprocal support or reimbursements from partner nations; 4) notifications to Congress of the DoD's intent to sign an acquisition and cross-servicing agreements with a non-NATO member country; and 5) the use of these agreements as mechanisms for transfers of logistics support, supplies, and services to third-party countries for which there is no current agreement.

Table 3.

### Planned Oversight Projects by Lead IG Agency, as of June 30, 2019

#### DEPARTMENT OF DEFENSE OFFICE OF INSPECTOR GENERAL

##### ***Audit of DoD Management of Wholesale Equipment in Korea***

To determine whether the Army accounted for wholesale equipment in Korea and established maintenance cycles that ensured equipment was available and deployable to the Philippines if needed.

## ACRONYMS

Acronym	
AFP	Armed Forces of the Philippines
ASG	Abu Sayyaf Group
BARMM	Bangsamoro Autonomous Region in Muslim Mindanao
BTA	Bangsamoro Transition Authority
DoD	Department of Defense
DoS	Department of State
FY	fiscal year
ISIS	Islamic State of Iraq and Syria
ISIS-Core	The core ISIS organization in Iraq and Syria
ISIS-EA	Islamic State of Iraq and Syria–East Asia, formerly referred to as ISIS-Philippines (ISIS-P)
ISR	intelligence, surveillance, and reconnaissance
Lead IG agencies	DoD OIG, DoS OIG, and USAID OIG

Acronym	
Lead IG	Lead Inspector General
MILF	Moro Islamic Liberation Front
OCHA	UN Office for the Coordination of Humanitarian Affairs
OCO	overseas contingency operation
OFDA	USAID Office of U.S. Foreign Disaster Assistance
OIG	Office of Inspector General
OPE-P	Operation Pacific Eagle-Philippines
PNP	Philippine National Police
PSF	Philippine Security Forces (includes AFP, PNP, and Philippine Coast Guard)
UN	United Nations
USAID	United States Agency for International Development
USINDOPACOM	U.S. Indo-Pacific Command







## ENDNOTES

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**U.S. Sailors stand at parade rest during a Change of Command ceremony aboard the amphibious assault ship USS Wasp in Subic Bay, Philippines. (U.S. Navy photo)**



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