



OPERATION PACIFIC EAGLE-PHILIPPINES AND OTHER OVERSEAS CONTINGENCY OPERATIONS

LEAD INSPECTOR GENERAL REPORT TO THE UNITED STATES CONGRESS



JANUARY 1, 2019–MARCH 31, 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, among other things, provide quarterly reports to Congress on each contingency operation and the activities of the Lead IG agencies.

The DoD Inspector General (IG) is designated as the Lead IG for Operation Pacific Eagle-Philippines (OPE-P). The DoS IG is the Associate IG for OPE-P. The USAID IG also participates in oversight for the operation.

The Offices of Inspector General of 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 three statutory missions related to this overseas contingency operation:

- Develop a joint strategic plan to conduct comprehensive oversight over 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 and biannually to the 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 data call questions 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 of the data and information provided by the agencies. For further details on the methodology for this report, see page 39.

CLASSIFIED APPENDIX

This report also includes an appendix containing classified information related to OPE-P and three classified operations: Operation Yukon Journey, the Northwest Africa Counterterrorism overseas contingency operation, and the East Africa Counterterrorism overseas contingency operation. The classified appendix is provided to relevant agencies and congressional committees.

FOREWORD

We are pleased to submit the Lead Inspector General quarterly report to the U.S. Congress on Operation Pacific Eagle-Philippines. This report discharges our individual and collective agency oversight responsibilities pursuant to sections 2, 4, and 8L of the Inspector General Act of 1978.

The Secretary of Defense designated OPE-P as a contingency operation in 2017 to support the Philippine government and military in their efforts to isolate, degrade, and defeat Islamic State of Iraq and Syria (ISIS) affiliates and other violent extremist organizations in the Philippines.

This report provides information on the status of OPE-P, and is organized by the following strategic oversight areas adopted by the Lead IG agencies:

- Security
- Humanitarian assistance and recovery
- Support to mission

This report also discusses the oversight work conducted by the Lead IG agencies and our partner oversight agencies during the period from January 1 through March 31, 2019, as well as ongoing and planned oversight work.



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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): U.S. and Filipino soldiers conduct urban terrain training at Fort Magsaysay, Philippines (U.S. Army photo); A U.S. Marine Corps amphibious assault vehicle approaches the well deck of the amphibious assault ship USS Wasp (U.S. Navy photo); Filipino soldiers train with U.S. Soldiers during Exercise Salaknib (U.S. Army photo). (Bottom row): A U.S. Army crew chief studies terrain aboard a UH-60 Black Hawk as part of a flight survey near Mount Pinatubo (U.S. Army photo); Soldiers of the Armed Forces of the Philippines listen to a safety brief with U.S. Army Soldiers before firing their weapons at a range. (U.S. Army photo).

MESSAGE FROM THE LEAD INSPECTOR GENERAL



Glenn A. Fine

As required by the Inspector General Act, this is the Lead Inspector General (Lead IG) quarterly report on the status of Operation Pacific Eagle-Philippines (OPE-P) and Other Overseas Contingency Operations.

This is our 6th quarterly report on OPE-P, summarizing this quarter's events, the status of the operation, and the Lead IG agencies' oversight work related to OPE-P. We also have written a separate classified appendix, which includes classified information on OPE-P.

The classified appendix also contains our 3rd report on the three classified overseas contingency operations in Africa and the Middle East. We are providing this classified appendix to relevant government agencies and congressional committees.

With regard to OPE-P, in January 2019, ISIS-Philippines (ISIS-P) carried out its most significant terrorist attack since 2017, with the bombing of a cathedral that resulted in more than one hundred casualties. ISIS-P consists of approximately 300-550 fighters split between several factions, according to U.S. Indo-Pacific Command (USINDOPACOM) estimates.

U.S. special operations forces continue to focus on building intelligence, surveillance, and reconnaissance capabilities of the Armed Forces of the Philippines. USINDOPACOM has identified this as a key capabilities gap that U.S. military advisors under OPE-P are working to address. In previous quarters, USINDOPACOM provided the Lead IG with the numbers of military advisors and support personnel operating under the OPE-P mission. This quarter, however, USINDOPACOM stated that those personnel figures are now classified.

The U.S. Agency for International Development (USAID) reported this quarter that its humanitarian assistance activities in the Philippines has shifted from emergency response to longer-term peace and stability efforts. These include efforts to promote good governance, counter violent extremism, provide training for out-of-school youth, and build local economies.

This quarter, the Lead IG agencies issued 2 oversight reports related to OPE-P, which examined USINDOPACOM's efforts to train, advise, assist, and equip the Armed Forces of the Philippines and USAID's local solutions initiative in the Philippines. As of March 31, 2019, the Lead IG agencies and their oversight partners had 4 ongoing and 3 planned oversight projects for OPE-P.

My colleagues and I remain committed to providing quarterly reports on activities related to OPE-P, consistent with the requirements of the IG Act.

A handwritten signature in black ink that reads "Glenn A. Fine".

Glenn A. Fine

Principal Deputy Inspector General

Performing the Duties of the Inspector General
U.S. Department of Defense



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

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Inside the Cathedral of Our Lady of Mount Carmel in Jolo, on the island of Sulu, where two explosions occurred inside and outside the church. (Philippines Presidential Communications photo)



EXECUTIVE SUMMARY

This quarter, ISIS-Philippines (ISIS-P) carried out its deadliest attack since 2017 with the bombing of the Cathedral of Our Lady of Mount Carmel, which killed 20 and wounded 102.¹ Philippine officials reported that an Indonesian husband and wife, affiliated with and supported by a faction of ISIS-P, carried out the suicide bombing.²

Armed conflict between the Armed Forces of the Philippines (AFP) and ISIS-P this quarter was limited to minor clashes, but that violence displaced 50,000 residents from their homes.³

According to media reports, ISIS-P received little or no financial or media support from the international leadership of ISIS (ISIS-Core) during this quarter.⁴ ISIS-Core has not recognized an overall leader of ISIS-P since the death of the group's first "emir" in 2017.⁵ So far, no single leader has proven capable of uniting the various factions of Filipino jihadists, and one potential candidate, Abu Dar, was killed by the AFP in March.⁶ There was no evident change in ISIS-P's force strength, territory, or capabilities since last quarter. It remains a group of an estimated 300-550 extremists, divided among several factions, focused primarily on opportunistic terrorist attacks and kidnap-for-ransom operations.⁷

This quarter, U.S. Indo-Pacific Command (USINDOPACOM) reported that U.S. military advisors continued to focus on building intelligence, surveillance, and reconnaissance (ISR) capabilities with their AFP partners. This included training the AFP, advising Philippine operators in the field, and providing supplementary intelligence from U.S. ISR assets in support of AFP counterterrorism operations.⁸ USINDOPACOM reported that assistance from U.S. advisors supported Philippine special operations activities that resulted in the arrest of two key terrorists associated with kidnap-for-ransom operations.⁹ USINDOPACOM also pointed to a Philippine airstrike against a terrorist cell in central Mindanao as an example of how the AFP has improved its capability to process intelligence and translate it into lethal force.¹⁰

In January, the Philippine government indicated that it would consider a review of the Mutual Defense Treaty with the United States. This bilateral treaty, signed in 1951, serves as the

foundation for all security cooperation between the two countries, including OPE-P.¹¹ Some Philippine government officials have publicly expressed doubts about the U.S. Government's commitment to defend Philippine territorial claims against aggression from China in the disputed waters of the South China Sea.¹² Senior U.S. Government officials, including U.S. Ambassador to the Philippines Sung Kim, USINDOPACOM Commander Admiral Philip Davidson, and Secretary of State Michael Pompeo, issued public statements reaffirming the United States' commitment to defend the territorial integrity of the Philippines from foreign attack.¹³

This quarter, residents of the Muslim majority provinces of the southern Philippines voted overwhelmingly in favor of a referendum to ratify a law granting enhanced autonomy to a new regional government.¹⁴ The newly established Bangsamoro Autonomous Region in Muslim Mindanao is the product of 5 years of negotiations between the Philippine government and the Moro Islamic Liberation Front (MILF), a former insurgent group. The Philippine and western governments and the former militants viewed effective Muslim autonomy as an antidote to nearly half a century of Muslim secessionist violence, which ISIS exploited to gain a foothold in the region. Under the new system, most domestic and budgetary matters will be devolved to the new regional government, with issues relating to the military, police, and foreign relations reserved for the national government.¹⁵

According to the terms of the peace agreement, the MILF will hold a majority of leadership positions in the new government. This may create challenges, because many of the group's members are named on terrorist watch lists and few have experience in government.¹⁶ They will now be tasked with governing 3.7 million of the Philippines' poorest citizens in a territory that includes the city of Marawi, still devastated from the siege of ISIS-P in 2017.¹⁷ However, according to media reports, if both sides abide by the terms of the peace agreement, the MILF would ultimately decommission its full complement of 40,000 fighters and, by its cooperation with the national government, counter the ISIS-P narrative that the Philippine government is the enemy of the Muslim people.¹⁸



U.S. and Filipino soldiers conduct urban terrain training at Fort Magsaysay, Philippines. (U.S. Army photo)

The number of internally displaced persons (IDP) resulting from the 2017 Marawi crisis remained level this quarter at approximately 70,000. After reaching a peak of 353,000 in December 2017 following the end of active conflict in Marawi, the number of IDPs dropped precipitously until about July 2018, when most residents who were able to do so had returned home.¹⁹ The majority of these remaining IDPs' homes were totally destroyed in the fighting, and USAID estimated that their situation was unlikely to change in the near future. The Philippine government estimated that reconstruction of the most damaged areas of the city will take 3 to 5 years.²⁰

This quarter, USAID reported that its activities in Marawi moved from a focus on the immediate needs of IDPs to longer-term initiatives to enhance peace and stability in conflict-affected parts of Mindanao.²¹ These efforts included programs to provide technical assistance to restore safe water and sanitation services; train high school students in countering violent extremism; provide technical training and certifications for out-of-school youth in conflict-affected areas; and engage religious and youth leaders in discussions about the Bangsamoro Organic Law and the prospects for peace in the new autonomous region.²²

Foreign Military Sales to the Philippines this quarter focused on counterterrorism capability and capacity. These sales included delivery of equipment for the AFP Navy Special Operations Group's explosive ordnance disposal unit and a shipment of weapons for other elements of the AFP, including mortar systems and sniper rifles.²³ USINDOPACOM reported that several Foreign Military Sales cases related to ISR capacity were pending this quarter, including ISR

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 and international partners, to support the Philippine government and military in their efforts to isolate, degrade, and defeat ISIS affiliates and other priority violent extremist organizations in the Philippines.

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

HISTORY

The Philippines, a predominantly Roman Catholic island nation, has historically struggled 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, have ties to international terrorist organizations.

The United States 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'

Philippine forces liberated Marawi with U.S. assistance but suffered heavy casualties. The fighting devastated the city's infrastructure and displaced 353,000 residents of the city and surrounding area. Most of the ISIS-P fighters in the city, including Hapilon and his top lieutenants, were killed in the fighting. Since October 2017, ISIS-P has been fractured and lacking a unified leader. What remains of ISIS-P now operates primarily along the lines of its constituent jihadist groups, and ties with international ISIS leadership have largely been severed. However, these extremist groups continue to commit acts of violence to undermine peace and reconciliation in the southern Philippines.

For the first time, the Lead IG is publishing an appendix containing classified information related to OPE-P.

suites for C-90 aircraft, air search radars for Philippine naval ships, and sustainment support for a tethered dirigible ISR platform.²⁴

Lead IG and partner agencies completed two oversight reports related to OPE-P this quarter. An evaluation of the DoD's support to the AFP determined that the DoD advise and assist efforts helped the AFP counter violent extremists in the city of Marawi in 2017. It also found that DoD and other U.S. Government officials in the Philippines complied with requirements to vet individuals and units for gross human rights violations. Additionally, an audit of USAID's local solutions initiative in the Philippines determined that USAID lacked measures to determine whether the program enhanced local capacity, host country ownership, and sustainability.

As of March 31, 2019, four Lead IG and partner agency oversight projects related to OPE-P were ongoing, and three were planned.

For the first time, the Lead IG is publishing an appendix containing classified information related to OPE-P. This appendix, Appendix A, provides supplemental classified details related to the OPE-P mission, USINDOPACOM's progress under the operation's lines of effort, counterterrorism operations, and the Bangsamoro peace process. Appendix A will be provided separately to relevant congressional committees and government agencies.

About Classified Operations in Africa and the Middle East

As required by the IG Act, the Lead IG also reports on three classified overseas contingency operations designated by the Secretary of Defense in February 2018: the East Africa Counterterrorism overseas contingency operation, the Northwest Africa Counterterrorism overseas contingency operation, and Operation Yukon Journey. These operations, which seek to degrade al Qaeda and ISIS-affiliated terrorists in specific regions of the Middle East and Africa, are classified by the DoD to protect intelligence and counterterrorism operations.

The U.S. National Strategy for Counterterrorism, released in October 2018, emphasizes the use of all elements of national power in counterterrorism efforts.²⁵ The strategy states that in countries with weak governments and where disenfranchised populations are vulnerable to terrorists' narratives, non-military tools are also required to prevent and counter terrorism—specifically stabilization, development, and intervention and reintegration programs.²⁶

Appendix A of this report discusses developments and oversight projects in the three classified overseas contingency operations during this quarter. In addition to the security developments and actions by the DoD, the appendix also discusses activities carried out by the DoS and USAID. While many of those activities are not directly part of the overseas contingency operations, they support the broader U.S. Government policy objectives under the applicable National Security Council strategies for countering violent extremism and addressing the underlying conditions that lead to the growth of terrorism in these areas. Appendix A will be provided separately to relevant congressional committees and government agencies.

SECURITY

ISIS-P REMAINS A THREAT TO THE PHILIPPINES

Jolo Cathedral Bombed in Largest ISIS-P Attack Since 2017

On January 27, 2019, terrorists affiliated with an Abu Sayyaf Group (ASG) faction of ISIS-P detonated two explosive devices at the Cathedral of Our Lady of Mount Carmel, the Roman Catholic cathedral on the island of Jolo in the Sulu archipelago. The first bomb exploded inside the church during Sunday mass, and the second detonated outside shortly afterward as worshippers fled and first responders arrived at the scene.²⁷ Official statistics from the Philippine government listed the casualties as 20 dead (14 civilians, 5 soldiers, and 1 coast guardsman) and 102 wounded (85 civilians, 15 soldiers, and 2 coast guardsmen).²⁸ Philippine Interior Secretary Eduardo Año identified the bombers as a husband and wife from Indonesia, who were allegedly aided by local ASG elements, including regional ISIS-P leader, Hatib Hajan Sawadjaan (see page 9).²⁹

Some media reports suggested the attack was in response to a referendum for regional autonomy that took place the week before, but the precise motive for this bombing was unclear.³⁰ While most ISIS-P activity since the Marawi siege has been directed against the Philippine police and military, USINDOPACOM stated that it was common practice for extremists in the Philippines to attack civilians when they have been unsuccessful against security forces.³¹

The first bomb exploded inside the church during Sunday mass, and the second detonated outside shortly afterward as worshippers fled and first responders arrived at the scene.

Philippine President Rodrigo Roa Duterte pays his last respects to one of the victims who died during the twin bombings at the Cathedral of Our Lady of Mount Carmel in Jolo. (Philippines Presidential Communications photo)



Figure 1.

Map of Jolo, Sulu where 20 people were killed by two bombs on January 27, 2019.



The factions of ISIS-P have been operating in the Philippines for years, and their members have a history of conducting similar attacks against civilians, such as the 2004 ferry bombing that killed more than 100 people.³² While the cathedral bombing was the deadliest single terrorist attack since the rise of ISIS-P, local media reports indicated that the tactics employed in that bombing were consistent with attacks carried out for many years by the pre-existing factions that pledged allegiance to ISIS. As a prominent Christian edifice in a region with strong jihadist sympathies, Jolo's Cathedral of Our Lady of Mount Carmel has been a target of opportunity for 12 attacks over the last 10 years.³³

As a prominent Christian edifice in a region with strong jihadist sympathies, Jolo's Cathedral of Our Lady of Mount Carmel has been a target of opportunity for 12 attacks over the last 10 years.

While the core leadership of ISIS in the Middle East (ISIS-Core) did not devote significant media attention to ISIS-P this quarter (see page 10), ISIS-Core did claim credit for the cathedral attack through its affiliated news network, Amaq, stating that "two martyrs of the Islamic state carried out a double suicide attack."³⁴ Days before the cathedral attack, ISIS-P issued a statement that was subsequently interpreted by a terrorist monitoring group, Site Intelligence Group, to have been an ISIP-P threat to launch violent attacks against Christians and Christian organizations..³⁵

ISIS-P Engages in Low-level Terrorist Attacks and Clashes with AFP

While the cathedral bombing was the most high-profile ISIS-P attack this quarter, various ISIS-P factions engaged in low-level combat with Philippine Security Forces (PSF), a term which includes the Armed Forces of the Philippines (AFP), Philippine National Police

(PNP), and the Philippine Coast Guard. USINDOPACOM stated that exact figures on these clashes are difficult to ascertain, as the PSF and militant extremists report different casualty estimates. However, USINDOPACOM stated that AFP operations have been demonstrably effective in neutralizing key ISIS-P faction leaders and countering kidnap-for-ransom efforts.³⁶ Although USINDOPACOM reported no single incident beside the cathedral bombing more serious than low-level clashes, the totality of the fighting and unrest was significant enough to displace 50,000 residents of the affected areas from their homes (see page 19).³⁷

On January 30, a grenade attack on a mosque in Zamboanga on the island of Mindanao killed two Muslim religious leaders. This attack was less sophisticated than the cathedral bombing and resulted in fewer casualties. While a motive was not immediately clear, Philippine Defense Secretary Delfin Lorenzana told reporters he believed it was “unlikely” that the two bombings were connected.³⁸

On March 30, the PNP arrested two Muslim militants in possession of guns, explosives, and ISIS-style black flags. The arrest took place in Cagayan, one of the Philippines’ northernmost provinces, far away from the traditional territory of Muslim militants in the south. PNP Chief, General Oscar Albayalde, told reporters that he did not believe the presence of these alleged terrorists in Cagayan was an indication that ISIS-P had expanded its area of operations.³⁹

ISIS-P Struggles Without Unified Leadership

USINDOPACOM reported to the DoD OIG that it uses four metrics to track the degradation of ISIS-P:

- 1) lack of an ISIS-Core designated ISIS-P emir;
- 2) amount of funding ISIS-Core provides ISIS-P;
- 3) quality of ISIS-Core media coverage of ISIS-P activities; and
- 4) cohesion or fragmentation of ISIS-P’s individual elements.⁴⁰

Lead IG reports for OPE-P have previously noted that support from ISIS-Core, such as funding and high-quality media, may become a decreasingly useful metric as the central organization in the Middle East becomes increasingly dispersed, lacking the capacity to generate its own funding and media. Diminished support for international affiliates may reflect the degraded capacity of ISIS-Core rather than its level of enthusiasm for or the relative strength of these regional franchises, such as ISIS-P.⁴¹

One Prospective Emir Killed as Another Gains Notoriety

Owaidah Benito Marohombsar, known by the alias “Abu Dar,” died in a clash with AFP soldiers on March 14, 2019. Abu Dar was a leader of the Maute Group faction of ISIS-P and previously viewed by local media sources as a potential emir of ISIS-P. According to media reports, government forces engaged with 20 members of the Maute Group in Lanao del Sur province, and the ensuing fighting killed 4 on each side. An AFP spokesman told reporters that Abu Dar was initially identified among the dead, and DNA testing later confirmed this.⁴²

USINDOPACOM reported that as of this quarter, ISIS-Core has not recognized an “emir” of the Philippines since Isnilon Hapilon was killed by the AFP in October 2017.

Abu Dar participated in the May 2017 attack on Marawi and fled the city before government authorities defeated the insurgency. With the death of Maute Group founder, Omar Maute, in the Marawi fighting, Abu Dar assumed leadership of that faction.⁴³ Abu Dar previously escaped a clash with AFP forces in January that killed three terrorists and dismantled a terrorist training camp.⁴⁴ He was described as an engaging and charismatic speaker by one former Maute Group member, and AFP officials told reporters that his death weakened ISIS-P in the Maute Group’s territory, but other ISIS-P affiliates remained a concern.⁴⁵

Sawadjaan Rises as ISIS-P Leadership Figure but Lacks Support from Other Factions

USINDOPACOM reported that as of this quarter, ISIS-Core has not recognized an “emir” of the Philippines since Isnilon Hapilon was killed by the AFP in October 2017. Since then, the group has been without a single leader and remained fragmented among approximately five major factions: the ASG, the Maute Group, Ansar al Khalifa, and two factions of the Bangsamoro Islamic Freedom Fighters.⁴⁶

Interior Secretary Año told reporters this quarter that Philippine intelligence indicated that Hatib Hajan Sawadjaan, a Sulu-based ASG commander, was installed as ISIS chief in the Philippines.⁴⁷ However, media reports claim that while Sawadjaan was elected by several ISIS-P aligned groups in mid-2018, many top leaders were not present and may not agree with this decision.⁴⁸ USINDOPACOM also noted that ISIS-Core had not yet recognized Sawadjaan or anyone else as ISIS-P emir this quarter. While USINDOPACOM expects that a consensus leader would receive a formal announcement through ISIS-Core’s international media, the lack of a formal announcement does not necessarily impact the capability of ISIS-P factions to operate in the southern Philippines.⁴⁹ USINDOPACOM noted no change to ISIS-P’s command and control structure since last quarter.⁵⁰

According to media sources, Sawadjaan, who is in his 60s, is not considered a charismatic leader and has no significant clan connections, education, media savvy, or foreign training. Rather, he is a senior militant functionary in an environment where most potential leaders have been killed. Sawadjaan has facilitated terrorist attacks, like the January cathedral bombing and the 2018 Basilan car bombing, by providing a base of operations and bringing together people and resources. Media reports estimate that Sawadjaan commands about 200 combatants.⁵¹

No Change in ISIS-P Numbers, Territory, or Capabilities This Quarter, though Statistics are Uncertain

USINDOPACOM estimated ISIS-P’s total numbers at approximately 300 to 550, the same as last quarter.⁵² This was roughly consistent with an assessment released by the AFP this quarter that estimated ISIS-P’s strength at 574 members.⁵³ According to USINDOPACOM, ISIS-P factions continued to operate in their same historic areas of influence with no significant territory gained or lost this quarter.⁵⁴ USINDOPACOM stated that the ASG faction of ISIS-P in the Sulu Archipelago remained the strongest, as evidenced by the cathedral bombing. USINDOPACOM added that clan and family members continued to support ISIS-P factions, regardless of whether or not they genuinely support ISIS ideology.⁵⁵

More detailed information on the factions of ISIS-P is available in the classified appendix of this report.

As in previous quarters, USINDOPACOM stated that it had low confidence in its estimates of ISIS-P membership numbers, but press reports indicated that ISIS-P factions were operating in their same historical territory and not expanding to new areas.⁵⁶ USINDOPACOM also stated that there were ISIS-P surrenders in Lanao Del Sur and on Basilan this quarter but stated that precise numbers were not available. Further, USINDOPACOM did not know whether a significant number of surrendered forces returned to the fight after being released by the AFP.⁵⁷

USINDOPACOM reported that it had no information by which to assess the success or extent of ISIS-P's recruitment efforts this quarter, although it believed the group was actively trying to recruit new members. USINDOPACOM stated that one indicator of recruitment success would be larger numbers of fighters engaged in clashes with the PSF, and this quarter's encounters involved relatively small groups of terrorists.⁵⁸ However, the lack of change in the estimates of ISIS-P membership from quarter to quarter suggested that recruitment was at least keeping pace with deaths and surrenders. USINDOPACOM reported no changes in ISIS-P's capabilities this quarter and did not expect ISIS-P to evolve into a more capable organization in the near future.⁵⁹ Additionally, there were no changes reported in ISIS-P's tactics. The most significant attack of the quarter on the cathedral was consistent with Philippine jihadist activity in the recent past.⁶⁰

No Evidence of Support from ISIS-Core

USINDOPACOM stated that there was no indication of an increase or decrease in financial support from ISIS-Core to ISIS-P this quarter.⁶¹ While ISIS-Core has actively promoted ISIS-P operations in the Philippines through its international media outlets in the past, it was relatively quiet on ISIS-P operations this quarter. Although ISIS-Core briefly claimed responsibility for the cathedral attack, USINDOPACOM found the general lack of ISIS-Core propaganda about ISIS-P inconclusive in determining the stock that the international leadership placed in ISIS-P this quarter.⁶²

Specifically, USINDOPACOM stated that it was looking for—but did not find—“quality media coverage,” which it defined as being timely and accurate with no misspellings or geographical errors. Quality media coverage may also include edited video and photos of a terrorist event in the kind of professional packaging that has been a trademark of the ISIS brand.⁶³

USINDOPACOM generally equated terrorist financing with increased attack capabilities. However, USINDOPACOM stated that media reports do not indicate whether ISIS-P received money from ISIS-Core to conduct the cathedral attack.⁶⁴ Due to ISIS-P's lack of cohesion, leadership, funding, and support from ISIS-Core, USINDOPACOM predicted that the group would be unable to conduct large-scale attacks unless and until those factors changed, which it predicted would be unlikely in the near future.⁶⁵



Soldiers of the Armed Forces of the Philippines listen to a safety brief with U.S. Army soldiers before firing their weapons at a range. (U.S. Army photo)

Flow of Foreign Fighters Appears to be Slowing

This quarter, the Philippine government estimated that fewer than 10 foreign terrorist fighters were likely active in the Philippines. Last quarter, USINDOPACOM reported that approximately 40 foreign terrorist fighters were in the Philippines but noted that estimates of their numbers, largely reflective of assessments found in local press reports, lacked certainty.⁶⁶ The siege of Marawi in 2017 saw a major influx of foreign fighters from Malaysia, Indonesia, and farther abroad, but there have been relatively few foreign fighters from outside Southeast Asia identified in the Philippines since then.⁶⁷ Other media reports this quarter indicated that the number of foreign terrorist fighters may be significantly greater.⁶⁸

USINDOPACOM has stated to the DoD OIG that even among the most extreme Filipino jihadists, there was no cultural or ideological inclination to conduct suicide attacks, as evident by the lack of previous incidents.⁶⁹ The relatively few suicide bombings in the Philippines have been the work of foreign fighters, such as the July 2018 suicide car bombing on the island of Basilan.⁷⁰ USINDOPACOM stated that this attack, carried out by a Moroccan national, “was likely a rare event.”⁷¹ USINDOPACOM also stated that ISIS-P may continue to outsource future suicide attacks to foreign fighters. This indicates, according to USINDOPACOM, that the Philippine jihadist network is more of a regional insurgency than part of a global movement, and its members have coopted the aesthetics and reputation of ISIS without fully incorporating its ideology, which places a strong emphasis on so-called “martyrs.”⁷²

Philippine Government Petitions Court to Extend Martial Law on Mindanao

On January 29, 2019, the Philippine Supreme Court heard oral arguments for and against a third extension of martial law on Mindanao, which has been in place since 2017. According to a news report, the Philippine Solicitor General argued that ISIS was actively planning “to establish their control in Southeast Asia, with the Philippines as its epicenter.” He stated the government’s belief that ISIS chose Mindanao as its launching point in the Pacific region

A U.S. Air Force F-16 Fighting Falcon takes off at Cesar Basa Air Base. (U.S. Air Force photo).



because of the area’s many like-minded violent extremist groups and the geography of the region, with many illicit points of entry from neighboring countries. Interior Secretary Año also testified that the fight against ISIS-P will require a whole of government approach, but martial law was a necessary component of this to “restrict the movement of armed groups from going from one place to another.”⁷³

According to local media sources, this hearing was unusual in the Philippines, as the government, in the role of defendant, presented its testimony first, and the justices directed their questions primarily to the government’s side. Petitioners, who oppose further extensions of martial law, were only questioned briefly. Local news reports interpreted this dynamic as shifting the burden of proof onto the defense to make the case for continuing martial law.⁷⁴ As of the end of the quarter, the court had not yet ruled, and martial law remained in place.

USINDOPACOM REPORTS PROGRESS IN AFP COUNTERTERRORISM CAPABILITIES BUT CLASSIFIES NUMBERS OF U.S. PERSONNEL UNDER OPE-P

USINDOPACOM reported to the DoD OIG that U.S. special operations forces conducted advising activities with their Philippine counterparts with the goal of increasing the capability of the AFP and its ability to conduct self-sustained counterterrorism operations.⁷⁵ USINDOPACOM does not necessarily consider all efforts to train and build capacity of the AFP as part of OPE-P, but it has previously stated to the DoD OIG that activity under the bilateral security relationship may increase the AFP’s counterterrorism capabilities in support of the OPE-P mission.⁷⁶

Last quarter, USINDOPACOM reported to the DoD OIG that this activity under OPE-P was conducted by 271 U.S. troops, 80 U.S. contractors, 458 local national subcontractors, and 1 U.S. civilian.⁷⁷ This quarter the DoD OIG requested updated personnel numbers for the OPE-P mission, and USINDOPACOM responded, during the review process of this report, that personnel figures were now classified. This was a change from the past several quarters, when USINDOPACOM provided releasable numbers on U.S. troops, contractors, and civilians supporting OPE-P.⁷⁸ U.S. personnel numbers for this quarter can be found in the classified appendix to this report.

This quarter, USINDOPACOM reported several engagements, exercises, and training events intended to improve the AFP's overall counterterrorism capabilities, none of which was explicitly identified as part of OPE-P:

- U.S. F-16 fighter aircraft arrived in the Philippines to participate in training exercises with Philippine Air Force FA-50 aircraft.
- U.S. and Philippine military leaders held their second joint counterterrorism conference with the goal of identifying AFP counterterrorism capability gaps and long-term solutions.
- A U.S. Stryker brigade combat team deployed to the Philippines for a series of training exercises with the AFP.
- USINDOPACOM conducted a site visit to Fort Magsaysay to develop plans for a U.S. Government-funded urban warfare facility.
- Preparations took place for Exercise Balikatan, the annual joint training activity between the U.S. and Philippine militaries, which began on April 1.
- A subject matter expert engagement focused on equipment maintenance.
- U.S. special operation advisors worked with AFP civil military officials on their role in supporting counterterrorism efforts.
- U.S. military advisors conducted a workshop focused on the development of AFP battle tracking.⁷⁹

USINDOPACOM stated to the DoD OIG that U.S. forces only support PSF operations against groups directly linked to transnational terrorist organizations, including ISIS-P, non-ISIS-P aligned elements of the ASG, and Jemaah Islamiyah, a southeast Asian jihadist group linked to al Qaeda. USINDOPACOM stated that U.S. advisors do not support PSF operations against internal threats or criminal organizations without a transnational connection, such as the communist New People's Army or criminal narcotics gangs. USINDOPACOM stated that U.S. advisors vet potential PSF targets against intelligence assessments and provide advice and assistance only when the target can be associated with valid organizations identified in the OPE-P Execute Order.⁸⁰

This quarter, USINDOPACOM completed a classified semi-annual assessment on progress made along OPE-P's lines of effort. The assessment stated that progress toward all of the operation's objectives was either positive or static.⁸¹ Detailed information on this assessment is available in the classified appendix.

U.S. Advise and Assist Efforts Focus on Intelligence Collection and Processing

This quarter, USINDOPACOM stated that the AFP continued to develop its capability to collect intelligence through airborne ISR, operating a variety of manned and unmanned aerial platforms.⁸² USINDOPACOM said that U.S. troops provided initial training on new systems, advice to Philippine operators in the field, and supplementary intelligence from U.S. ISR assets, with the goal of building increasingly mature capabilities in their Philippine partners. USINDOPACOM reported that, based in part on intelligence products generated

from ISR flights, the AFP was able to plan and execute offensive operations against terrorist targets.⁸³ USINDOPACOM reported to the DoD OIG that U.S. subject matter experts provided instruction on how the AFP might more effectively employ ISR on Mindanao, and U.S. forces planned to increase interaction between U.S. and Philippine pilots to help develop techniques and procedures as they continue to progress toward full operational capability.⁸⁴

USINDOPACOM stated to the DoD OIG that it continued to work toward improving the AFP's ability to identify terrorist networks that conduct kidnap-for-ransom in the southern Philippines. U.S. special operations forces conducted 12 subject matter expert exchanges with AFP units to develop enhanced intelligence collection, processing, and dissemination capabilities to better identify enemy networks. USINDOPACOM reported that it provided advice and assistance with supplemental ISR in support of PSF special operations that resulted in the arrest of two ASG members who were associated with kidnap-for-ransom operations.⁸⁵ USINDOPACOM stated to the DoD OIG that successful AFP operations against kidnap-for-ransom networks resulted in a loss of revenue for ISIS-P, which will likely hamper the group's procurement activities, at least temporarily.⁸⁶ More information on these operations is provided in the classified appendix to this report.

This quarter, the AFP conducted an airstrike against an ISIS-P faction in central Mindanao. The faction targeted in the strike was suspected of bombing a shopping mall in Cotabato City on December 31, 2018. According to USINDOPACOM, the strike resulted in the deaths of nine enemy combatants with no civilian casualties or collateral damage. U.S. advisors pointed to this operation as an example of the AFP's increased capability to exploit information, process intelligence, and translate that into action against enemy targets.⁸⁷

PHILIPPINE GOVERNMENT PLANS TO REVIEW KEY DEFENSE TREATY WITH UNITED STATES

A January 2019 press release from the Philippine government stated that a review of the Mutual Defense Treaty (MDT) between the Philippines and the United States was "long overdue," and labeled the treaty "a product of the Cold War."⁸⁸

This bilateral treaty, ratified in 1951, serves as the basis of all security engagement agreements between the two countries. The Visiting Forces Agreement, Enhanced Defense Cooperation Agreement, and all other forms of U.S. military assistance and troop presence in the country, including OPE-P, are subordinate to the terms of the MDT, which requires each country to come to the other's aid if attacked by a third party.⁸⁹

In January 2019, Philippine Defense Secretary Delfin Lorenzana stated that he ordered the review to "assess if there is a need to maintain, strengthen, or abrogate the defense pact in view of its relevance to the [Philippines'] national interest."⁹⁰ Specifically, the Philippine government expressed concern over what it described as U.S. "ambivalence" to the treaty's mutual defense obligations where the disputed islands of the South China Sea were concerned.⁹¹ A February news report stated that Philippine President Rodrigo Duterte had questioned the United States' commitment based on the lack of action to prevent China from constructing artificial islands and equipping them with radar, missile batteries, and facilities for fighter jets within range of the Philippines.⁹²



U.S. Secretary of State Michael Pompeo participates in a bilateral meeting with President of the Philippines Rodrigo Duterte in Manila, Philippines in February. (State Department photo)

According to a February news report, U.S. Ambassador to the Philippines Sung Kim told reporters that the United States was open to a review of the MDT to determine if “any adjustments [are necessary] to make it even better.”⁹³ He added that while he considers the bilateral alliance “ironclad,” the importance and complicated nature of such a bilateral treaty require periodic review as circumstances around the agreement evolve.⁹⁴

On February 12, Admiral Philip Davidson, Commander of USINDOPACOM, testified before the Senate Armed Services Committee that he believed it was “quite clear...that an armed attack on either of us, on the metropolitan territory or on the island territories...under Philippine jurisdiction in the Pacific or its armed forces, our public vessels or our aircraft, activates Article V of that treaty,” which compels the two nations to defend each other.⁹⁵

Secretary of State Michael Pompeo visited the Philippines from February 28 to March 1 to discuss defense and security issues with senior Philippine government officials, including President Duterte. In reference to Chinese activities in the South China Sea, Secretary Pompeo told President Duterte, “we got your back.”⁹⁶ He also told reporters, “any armed attack on Philippine forces, aircraft, or public vessels in the South China Sea will trigger mutual defense obligations.”⁹⁷

Secretary Pompeo specifically identified China as a potential threat to Philippine security in the region while reaffirming U.S. commitment to the MDT. According to media reports, \$3.4 trillion of goods are carried on commercial vessels annually through these disputed waterways. Secretary Pompeo added that the nations of the region were responsible for ensuring that “these incredibly vital sea lanes are open and China does not pose a threat to closing them down.”⁹⁸

Under the MDT, the United States conducted more than 250 joint military activities and funded the transfer of more than \$35 million in military equipment to the AFP in 2018.⁹⁹ While permanent basing of foreign military forces is prohibited by the Constitution of the Philippines, the MDT underpins the 2014 Enhanced Defense Cooperation Agreement, which allows extended temporary deployments of U.S. troops and construction of U.S. Government-funded facilities on Philippine military installations to support combined operations.¹⁰⁰

FORMER MILITANTS FORM GOVERNMENT UNDER BANGSAMORO PEACE PROCESS

Voters in Southern Philippines Overwhelmingly Support Referendum for Autonomy

In July 2018, the Philippine government passed the Bangsamoro Organic Law, which provided a pathway to enhanced autonomy for the Muslim-populated areas of the southern Philippines.¹⁰¹ This quarter, voters went to the polls in a two-part referendum on January 21 and February 8. They voted in favor of ratifying that law and establishing a new semi-autonomous region in the Muslim-populated territories of Lanao del Sur, Basilan, Maguindanao, Tawi-Tawi, Sulu, and Cotabato City.¹⁰² Local media estimated voter turnout at approximately 75 percent and reported that 85 of the voters approved the referendum.¹⁰³

The U.S. Embassy Manila reported in a diplomatic cable that the referendum was generally peaceful, despite pockets of tension and violence. According to the DoS, the large presence of Moro Islamic Liberation Front (MILF) combatants in civilian clothes near the polls in Cotabato City contributed to a tense environment, but the strong military and police presence prevented serious outbreaks of violence at the polls. Observers in Lanao del Sur and North Cotabato, where there was no real opposition to the referendum, reported minimal police and military presence. However, in Lanao del Norte, three Christian-majority areas in the province experienced a series of grenade and improvised explosive attacks, which the embassy cable suggested were an effort to intimidate voters. No severe injuries or deaths were reported.¹⁰⁴

The referendum's approval established the new Bangsamoro Autonomous Region in Muslim Mindanao, which is the product of 5 years of negotiations between the Philippine government and the MILF, a militant group that previously fought the government for full independence from the Philippines. The regional government will be headed by a chief minister and an 80-member parliament. The law grants this government authority over most regional matters, including agriculture, public lands, labor, health, housing, inland waters, public works and utilities, transportation, administration of justice, and virtually all domestic policy areas. Excluded from its authority are the military, police, and foreign relations, all of which will be reserved to the national government.¹⁰⁵

The new region will also be fiscally autonomous, with independent control over its own budget and tax policy. National taxes and fees collected in the region will be shared, with 75 percent going to the Bangsamoro government and 25 percent to the national government. One year after the law takes effect, the Bangsamoro government will begin to receive an annual block grant from the national government.¹⁰⁶

Governance by Former Militants Presents Challenges, Opportunities

On February 26, 2019, MILF Chairman Al Hajj Murad Ebrahim assumed leadership of an 80-member transition authority, dominated by members of the former rebel group, to govern the new autonomous region. Under the agreement, 41 of the 80 seats on the transition authority were allocated to MILF members, many of whom previously fought against

Philippine government forces as part of the insurgency and still face criminal charges for past attacks. The Philippine government and the Moro National Liberation Front, another former militant group, were also allotted seats on the council, which is expected to act as a regional parliament until elections are held, currently scheduled for 2022.¹⁰⁷

USINDOPACOM reported that the establishment of a new, expanded autonomous region controlled by the MILF is a significant development in Philippine politics and security, with implications for future U.S. engagement.¹⁰⁸ While USINDOPACOM noted that it was too early in the transition process to understand its full impact on security, stability, and terrorist recruitment, it stated that “a transition to a new government led by former insurgents, most of whom have no government experience, will create unique challenges.”¹⁰⁹ The MILF originated as a regional insurgency, which is not and has never been listed by the DoS as a foreign terrorist organization.¹¹⁰ However, certain members of the MILF are named on terrorist watch lists, which will limit the ability of the U.S. Government to interact with these individuals. USINDOPACOM stated that new relationships will have to be established to enable the United States to work with this new government where possible.¹¹¹

As part of the ongoing peace process, the first group of 12,000 MILF combatants is expected to be demobilized starting this year. Over the course of 3 phases, the MILF’s full complement of 40,000 fighters are to be decommissioned and 7,000 firearms surrendered, if and when the peace agreement is fully implemented. Both the Philippine government and MILF have stated their view that regional Muslim autonomy can be the solution to decades of secessionist violence in the southern Philippines, which violent extremist organizations have exploited to gain a popular foothold in the region.¹¹²

Interim Chief Minister Murad declared in his inaugural remarks that the government is no longer the enemy of his people. The former insurgent battlefield commander will now be tasked with leading the establishment of a regional government that will be expected to provide for 3.7 million of the Philippines’ poorest citizens, many of whom have endured decades of violence, including current and former residents of Marawi. As part of the agreement with Manila, an annual federal grant of approximately \$1 billion will support development in the region where infrastructure has been badly damaged through fighting and neglect.¹¹³

Under the peace agreement, the Philippine government will retain full control over foreign policy concerning the new region, and Chairman Murad provided an early indication of his intention to respect this delineation of authority. Responding to questions about an ongoing territorial dispute between the Philippines and Malaysia in an area adjacent to the new Bangsamoro region, Murad told reporters that he did not intend to involve himself in the affair, and “it is the central government that should pursue the claim if there are strong grounds to pursue.”¹¹⁴ According to media reports, the Malaysian government was instrumental in facilitating the peace agreement between the Philippine government and the MILF, which engendered goodwill among all three parties. However, outstanding Philippine claims to oil-rich marine territory currently administered by Malaysia represent a potential source of conflict.¹¹⁵ More detailed information on the Bangsamoro peace process and interim government is provided in the classified appendix to this report.

Interim Chief Minister Murad declared in his inaugural remarks that the government is no longer the enemy of his people.

HUMANITARIAN ASSISTANCE AND RECOVERY

IDP POPULATION HOLDS STEADY AS MARAWI RECONSTRUCTION STALLS

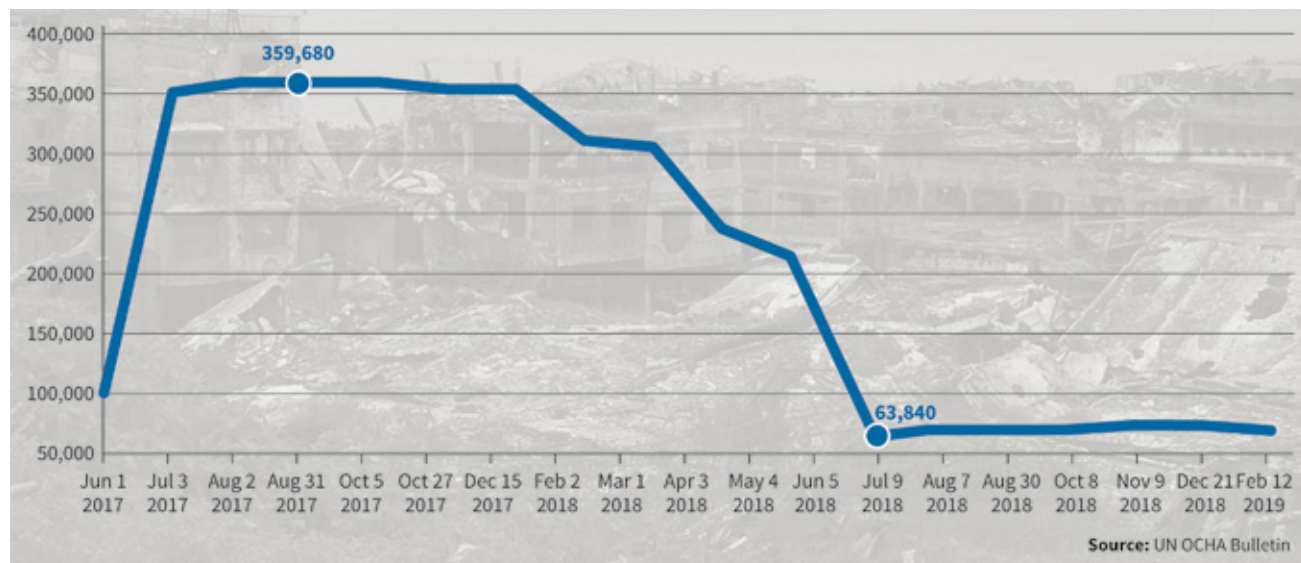
According to USAID, the number of internally displaced persons (IDPs) resulting from the Marawi conflict peaked in December 2017 at more than 353,000 following the liberation of the city and the declaration of martial law.¹¹⁶ The number of displaced persons then dropped steadily but has since stagnated. Since July 2018, the UN Office for the Coordination of Humanitarian Affairs (OCHA) has consistently reported between approximately 64,000 and 73,000 IDPs.¹¹⁷

USAID attributed the continuing displacement of this population to the state of destruction that remains in Marawi's city center. USAID predicted that the number of IDPs will remain at or near current levels for the near future, as the majority of these individuals lost their homes entirely in the totally devastated areas of Marawi. As of the end of the quarter, the Philippine government had not issued its Comprehensive Rehabilitation and Reconstruction Plan for the area, but it estimated that reconstruction would take 3 to 5 years.¹¹⁸

This quarter, restoration efforts in Marawi encountered further delays. Debris removal in the most affected areas of the city was placed on hold due to unexploded ordnance, objections from landowners over the demolition of buildings, and non-compliance with environmental and demolition permits.¹¹⁹ In January, the Philippine government suspended its contract

Figure 2.

IDPs Resulting from the Marawi Crisis



for debris removal and did not issue any other contracts for reconstruction. USAID staff conducting field monitoring in March did not report any debris removal activity or trucks in the most affected areas of Marawi.¹²⁰

Ongoing Military Operations in Other Parts of Mindanao Displace Thousands

In addition to the 66,000 IDPs remaining from the Marawi conflict, OCHA reported that fighting in other areas of Mindanao displaced nearly 50,000 more this quarter. In Maguindanao province, fighting between ISIS-P elements and the AFP displaced more than 35,000 civilians. Fighting between the AFP and remnants of the Maute Group also displaced more than 8,900 people in Lanao del Sur province. In Sulu province, conflict between the AFP and ASG resulted in 5,600 IDPs. The UN High Commission on Refugees, the Philippine Red Cross, and other non-governmental organizations provided humanitarian assistance to these new IDPs, including shelter, food, and non-food supplies, to supplement the Philippine government's response.¹²¹

Access to Shelter Remains a Present and Future Challenge for Some IDPs

According to USAID, approximately 90 percent of the IDPs from Marawi were residing with host families this quarter, while most of the remaining 10 percent were in evacuation centers or transitional shelters.¹²² As of late March 2019, approximately 4,500 IDPs were still located in temporary evacuation sites, such as tent cities or shelters set up in schools, and 8,600 were in more established structures at transitional shelters, such as temporary homes provided to IDPs who still lack long-term housing.¹²³ All remaining evacuation centers in Lanao del Sur, the province of which Marawi is the capital, and adjacent Lanao del Norte province were closed by the end of quarter.¹²⁴ USAID reported that local governments and humanitarian assistance organizations were building additional transitional shelters to address continuing shelter requirements for IDPs.¹²⁵

Questions remained this quarter regarding whether many IDPs would continue to have access to shelter. According to USAID, former renters in the most affected areas of Marawi will likely not be eligible for government housing assistance.¹²⁶ Half of the IDPs interviewed by USAID during field monitoring visits responded that they were former renters and did not have an assurance of government housing or inclusion in reconstruction programs. In response, USAID supported the construction of transitional shelters to be allocated based on need rather than land owner status.¹²⁷

USAID reported that it provided food assistance through the UN World Food Programme to IDPs residing in and around Marawi. USAID also provided cash transfers to more than 44,800 displaced and returning people in the area. Access to safe drinking water remained a challenge for many IDPs, as water must be trucked in to IDPs living in transitional shelters.¹²⁸ To help continue to meet the needs of IDPs, USAID reported that its Strengthening Urban Resilience for Growth with Equity program increased access to safe drinking water for 7,500 individuals. According to USAID, this program exceeded its target for the amount of non-U.S. Government funds provided to improve water and sanitation by 45 percent as of December 2018.¹²⁹

In addition to the 66,000 IDPs remaining from the Marawi conflict, OCHA reported that fighting in other areas of Mindanao displaced nearly 50,000 more this quarter.

Table 1.

Status of Cumulative USAID Funding for Marawi Crisis Response in FY 2019, as of March 31, 2019 (in millions)

Office	Obligated	Disbursed
USAID/Philippines	\$26.5	\$11.9
USAID Office of U.S. Foreign Disaster Assistance	\$0.0	\$2.3
USAID Office of Food for Peace	\$0.0	\$1.9
TOTAL	\$26.5	\$16.1

Note: Disbursements may exceed obligations because disbursements may have been made against obligations from a previous fiscal year.

Source: USAID

USAID PROGRAMMING ON MINDANAO SHIFTS FROM CRISIS RESPONSE TO PEACE AND STABILITY

USAID reported that its activities in the Marawi area have moved from a focus on the immediate needs of IDPs to longer-term initiatives to enhance peace and stability in conflict-affected parts of Mindanao.¹³⁰ According to USAID, three major projects recently ended that had previously involved the delivery of health services to IDPs and returnees; the restoration and improvement of electrical services in Marawi; and the needs of female IDPs, particularly in education. While USAID's Marawi Response Project, a 3-year program focused on enhancing economic opportunities for IDPs and strengthening cohesion in host communities, reached the implementation phase during this quarter, several other activities in Marawi and its surrounding areas are coming to an end or are no longer solely focused on Marawi and the impact of the conflict.¹³¹ Other programs, such as USAID's Tuberculosis Platforms project, continued to operate in Marawi but as part of broader, nation-wide tuberculosis prevention and treatment efforts.¹³²

USAID's Country Development and Cooperation Strategy for the Philippines describes the overarching strategy for the implementation of programming in the Philippines.¹³³ USAID reported that its approach for enhancing peace and stability in conflict-affected areas of Mindanao was based on U.S. Embassy Manila's interagency Mindanao Working Group's analysis of the drivers of violent extremism on Mindanao and the role development assistance can play in addressing them. The approach focuses on improving government and civic engagement in six areas where failure is often exploited by international terrorists:

- enhancing the legitimacy of local governments through transparency and accountability;
- improving public service delivery;
- expanding public participation in governance;
- strengthening civil society by enhancing civic education;
- increasing of youth leadership and engagement; and
- promoting socio-economic development.¹³⁴

According to USAID, in addition to two continuing projects with a specific focus on Marawi response efforts, at the end of the quarter there were four USAID programs that supported this development objective through activities across Mindanao:

- **Strengthening Urban Resilience for Growth with Equity.** This \$4.3 million program provides technical assistance to restore safe water and sanitation services, promote livelihood activities, and establish market or trading facilities.¹³⁵ It has linked 1,400 IDPs to possible livelihood assistance and trained 300 female entrepreneurs on small business management.¹³⁶
- **Enhancing Governance, Accountability, and Engagement.** This \$4.5 million program is designed to advance peace and stability by promoting good governance and preventing violent extremism.¹³⁷ The program seeks to promote inter-community coordination and collaboration, inclusive local government planning, and youth skills development.¹³⁸ USAID reported that 360 young people in 9 high schools participated in training events on countering violent extremism under the program.¹³⁹
- **Mindanao Youth for Development.** This \$3.5 million program is intended to address the needs of out-of-school youth in conflict-affected areas on Mindanao to make them more productive and engaged citizens and more resilient against radicalization or recruitment by violent extremist groups.¹⁴⁰ As of December 2018, 12,800 out-of-school youth had reportedly completed technical training and received a national certification under the program.¹⁴¹
- **Project PeaceConnect.** This \$200,000 program is designed to engage religious leaders and youth organizations with the goal of stimulating social cohesion in parts of Mindanao vulnerable to conflict and violent extremism. The program engaged 113 participants during the quarter, bringing together religious and youth leaders to discuss the Bangsamoro Organic Law and the prospects for peace in the new Bangsamoro Autonomous Region in Muslim Mindanao.¹⁴²

USAID reported that another program supporting peace and stability on Mindanao recently concluded. USAID stated that its MindanaoHealth program (technical assistance ended in October 2018) trained local government units to conduct monitoring and evaluation, thus improving local government capacity to track performance and improve service delivery.¹⁴³ According to USAID, the program helped double the number of patients seen by health providers in 5 years.¹⁴⁴ USAID also stated that its Education Governance Effectiveness project continued this quarter despite plans to terminate in December 2018. This program contributed to the decrease of poor readers from 50.6 percent to 28.8 percent in the area of implementation, and the dropout rate of elementary and secondary school students decreased from 19.4 percent in 2013-2014 to 8.6 percent in 2017-2018.¹⁴⁵

SUPPORT TO MISSION

DOD REQUESTS A SMALLER BUDGET FOR OPE-P IN FY 2020

This quarter, the DoD released its budget request for FY 2020, which included approximately \$82.3 million to support OPE-P. This was a decrease from the \$108.2 million requested for FY 2019 and the \$99.4 million obligated for OPE-P in FY 2018. Contracted ISR support continued to be the largest portion of the FY 2020 OPE-P budget, with \$42.6 million requested for contractor owned and operated manned ISR support. The second largest line item is \$24.8 million for contracted casualty evacuation and personnel recovery services. These costs are identical to those requested in the DoD's FY 2019 request for OPE-P. Additional OPE-P costs for FY 2020 include pay and benefits for U.S. forces in theater, maintenance, and base operating support.¹⁴⁶

This quarter, USINDOPACOM reported a total of approximately \$3.7 million in obligations supporting OPE-P, which included funding for personnel deployments, airlift, contracted ISR support, and facilities.¹⁴⁷

FOREIGN MILITARY SALES TO THE PHILIPPINES FOCUS ON OFFENSIVE POWER AND INTELLIGENCE GATHERING

The Joint U.S. Military Assistance Group–Philippines, a DoD entity that serves as the security cooperation office at U.S. Embassy Manila, reported that it coordinated delivery of two Foreign Military Sales (FMS) cases this quarter and continued development of three future cases. USINDOPACOM stated that while none of these were specifically in support of OPE-P, all were developed with the goal of enhancing the AFP's overall capabilities in ways that may support the counterterrorism mission in the southern Philippines.¹⁴⁸

As in previous quarters, there was some confusion about how USINDOPACOM differentiates between support to the AFP provided under OPE-P specifically versus support provided through the broader bilateral security relationship and routine security cooperation programs. USINDOPACOM's comptroller office stated to the DoD OIG that support under OPE-P was limited exclusively to advise and assist efforts, which do not constitute building partner capacity. However, USINDOPACOM's plans office stated that virtually any building partner capacity activity requested by Special Operations Command-Pacific under its counterterrorism efforts resourced by other authorities could be considered complementary to OPE-P.¹⁴⁹

One of the two deliveries of FMS this quarter was an FMS case in February worth \$800,000 for personal protective equipment, underwater metal detectors, and other materiel to support the AFP Navy Special Operations Group's explosive ordnance disposal unit. In March, the second case, worth \$5 million, included 44 lightweight mortar systems and 80 sniper rifles for the AFP. Most of this purchase was financed through the U.S. Government's Foreign Military Financing, though some national funds supported the purchase of the mortars.¹⁵⁰

According to USINDOPACOM, prospective future FMS cases include \$2.5 million for 1,083 rifles; \$576,000 for repair and modification of 6 precision guided missile systems and procurement of 28 new ones; and \$900,000 for 90 sniper rifles, including 10 .50 caliber Barrett systems. USINDOPACOM stated that all of these planned cases will be paid for entirely with Philippine national funds.¹⁵¹



Filipino soldiers participate in a training exercise with U.S. Soldiers. (U.S. Army photo)

USINDOPACOM identified several pending FMS cases targeted to address the AFP's needs in ISR capacity. These included a national funds case valued at \$50 million to connect a variety of ISR platforms and data sources into a single, secure data feed. The United States was planning to provide Foreign Military Financing of \$29 million for ISR suites for up to five C-90 aircraft; \$32 million for air search radars for the three Philippine Navy cutters (former U.S. Coast Guard vessels previously transferred to the Philippine government as Excess Defense Articles); and \$4.48 million to sustain the Philippine Navy's Aerostat, a tethered dirigible ISR platform.¹⁵²

Additionally, USINDOPACOM described Foreign Military Financing cases and Section 333 Building Partner Capacity funded programs in varying stages of development to provide improvements to the AFP's C-130-based ISR system, three Scan Eagle unmanned aerial ISR systems, an ISR suite for the C-208 aircraft, various tactical ISR capabilities, and training for all of these systems. Finally, the DoD's Defense Threat Reduction Agency continued its work with the Philippines National Coast Watch System to improve the Philippines' maritime domain awareness of its territorial waters, including high priority areas, such as the Sulu Sea.¹⁵³

The DoS Bureau of Diplomatic Security stated to the DoS OIG that it conducted 16 training courses during the quarter through the DoS's Antiterrorism Assistance program in partnership with Embassy Manila and the DoS Bureau of Counterterrorism and Countering Violent Extremism. Through the Antiterrorism Assistance program, the DoS provides training primarily to units of the PNP Special Action Force. The DoS stated that 15 Antiterrorism Assistance training courses were planned for next quarter.¹⁵⁴

In addition, the DoS stated that it was planning to build a Regional Counterterrorism Training Center, which would be used to provide Antiterrorism Assistance training to law enforcement units from the Philippines and from other regional partner nations. However, the DoS stated that despite the Philippine government repeatedly expressing an interest in hosting this regional training center, a Memorandum of Understanding between the Philippine and U.S. Governments, which is necessary before construction can commence, had not been signed by the Philippine government as of March 14, 2019.¹⁵⁵

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, as of March 31, 2019; and hotline activities from January 1 through March 31, 2019, related to security and counterterrorism activities in the Philippines, including 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 oversight 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 *Joint Strategic Oversight Plan for OPE-P* 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 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 Lead IG agencies and their partner agencies completed two reports related to OPE-P. As of March 31, 2019, four oversight projects were ongoing, and three were planned. Table 2 lists the project titles and objectives for the ongoing projects, and Table 3 lists the project titles and objectives for the planned projects.



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

FINAL REPORTS

DEPARTMENT OF DEFENSE OFFICE OF INSPECTOR GENERAL

DoD Efforts to Train, Advise, Assist, and Equip the Armed Forces of the Republic of the Philippines

DODIG-2019-048, January 31, 2019

The DoD OIG conducted this evaluation to determine whether the DoD's efforts to train, advise, assist, and equip the AFP increased the AFP's capability to counter existing violent extremist organization threats, and built sustainable AFP capabilities to disrupt, defeat, and deny safe haven to violent extremists in the Philippines.

The DoD OIG determined that U.S. forces' advice and assistance helped the AFP counter violent extremists in the city of Marawi in 2017. The U.S. advise and assist forces did not participate in AFP operations or directly train the AFP. However, U.S. military advisors identified critical capability gaps within the AFP, and the U.S. special operations forces advised and assisted AFP counterparts to help them overcome capability challenges during Marawi counterterrorism operations.

The DoD OIG also determined that USINDOPACOM and other U.S. Government officials in the Philippines complied with requirements to vet individuals and units for gross human rights violations. In addition, the DoD OIG further determined that U.S. forces did not provide counterterrorism training to the conventional forces of the AFP, as directed in the USINDOPACOM OPE-P Execute Order.

The DoD OIG recommended that the Commander of USINDOPACOM, in coordination with AFP leadership 1) determine the priorities and resources required to develop counterterrorism capacity of AFP conventional forces; 2) determine training responsibilities within USINDOPACOM for developing programs to build the capacity of AFP conventional forces; and 3) consider developing proposals under the appropriate funding authority to train AFP conventional forces to support counterterrorism operations.

USINDOPACOM acknowledged, but neither agreed nor disagreed with, the report's recommendations. The DoD OIG has requested further responses to the recommendations.

USAID OFFICE OF INSPECTOR GENERAL

Despite Optimism About Engaging Local Organizations, USAID Had Challenges Determining Impact and Mitigating Risks

Report No. 5-000-19-001-P, March 21, 2019

In 2010, USAID adopted the local solutions initiative, which focused on strengthening local capacity, enhancing and promoting host country ownership, and increasing sustainability of outcomes in its programs around the world. As of FY 2015, USAID estimated it had obligated \$2.6 billion worldwide through local solutions-related activities. Through this program for the Philippines, USAID has relied on local implementers to advance program objectives.

USAID OIG's Asia Regional Office in Manila conducted this audit to determine whether USAID's local solutions initiative was having an impact on the areas of focus for the initiative, and to determine whether USAID had implemented risk mitigation procedures for working with government ministries, local non-governmental organizations, and local for-profit firms to implement USAID-funded programs in the Philippines. USAID OIG found that while USAID operating units were generally positive about the long-term impact of the local solutions initiative, USAID lacked measures to determine whether local solutions enhanced local capacity, host country ownership, and sustainability. Further, USAID OIG found that USAID had developed risk mitigation procedures for local implementers but that these procedures were not being consistently followed. For example, in some operating units, waivers were obtained, and in three of five operating units USAID OIG reviewed, there was no documented plan to implement and monitor risk mitigation measures.

USAID OIG made one recommendation: for USAID to implement a process to monitor operating units' compliance with USAID policy to conduct full risk assessments and mitigate identified risks for local non-governmental partners in a timely manner. USAID agreed with the recommendation and is implementing activities to monitor operating units' compliance with USAID's risk-mitigation policy. It is also implementing broader activities to further improve oversight of awards to local organizations.

Table 2.

Ongoing Oversight Projects by Lead IG Agency, as of March 31, 2019

Project Title	Objective
DEPARTMENT OF DEFENSE OFFICE OF INSPECTOR GENERAL	
<i>Audit of U.S. Indo-Pacific Command Ranges to Support Aviation Unit Readiness</i>	To determine whether ranges in the USINDOPACOM area of responsibility effectively support aviation unit readiness.
<i>Evaluation of Security Controls for ISR Supply Chains</i>	To evaluate security controls for ISR asset supply chains.
DEPARTMENT OF STATE OFFICE OF INSPECTOR GENERAL	
<i>Audit of Foreign Assistance to the Philippines</i>	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	
<i>Acquisition and Cross-Servicing Agreements</i>	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.

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 which 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

Table 3.

Planned Oversight Projects by Lead IG Agencies, as of March 31, 2019

Project Title	Objective
DEPARTMENT OF DEFENSE OFFICE OF INSPECTOR GENERAL	
<i>Audit of DoD Management of Wholesale Equipment in Korea</i>	The objective of this is audit is 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.
<i>Audit of Readiness of Mobile Medical Teams Supporting Contingency Operations in the U.S. Africa Command and U.S. Indo-Pacific Command Areas of Responsibility</i>	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 U.S. Indo-Pacific Command areas of responsibility in order to improve trauma care.
DEPARTMENT OF STATE OFFICE OF INSPECTOR GENERAL	
<i>Audit of Antiterrorism Assistance Program in the Philippines</i>	To determine whether 1) the DoS has developed specific, measurable, and outcome-oriented objectives for the Antiterrorism Assistance programs in the Philippines; 2) the DoS is effectively monitoring and evaluating Antiterrorism Assistance program participants' progress toward attaining program goals; and 3) the DoS has established program sustainment goals.

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 OIG 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 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 investigations related to OPE-P.

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, and the three classified overseas contingency operations in Africa and the Middle East. For the period January 1 through March 31, 2019, the classified appendix includes the following topics:

Operation Pacific Eagle-Philippines

- The OPE-P Mission
- USINDOPACOM Assessment of Progress Along Lines of Effort
- The Bangsamoro Peace Process
- Potential Changes to the OPE-P Mission

East Africa Counterterrorism Overseas Contingency Operation

Northwest Africa Counterterrorism Overseas Contingency Operation

Operation Yukon Journey

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 Lead 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 January 1 through March 31, 2019.

To fulfill the congressional mandate to produce a quarterly report on OPE-P, the Lead IG gathers 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 has 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.

DATA CALL

Each quarter, the Lead IG agencies direct a series of questions, or data calls, 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.

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.



ACRONYMS

Acronym	
AFP	Armed Forces of the Philippines
ASG	Abu Sayyaf Group
DoD	Department of Defense
DoS	Department of State
FFP	USAID Office of Food for Peace
FMS	Foreign Military Sales
FY	fiscal year
ISIS	Islamic State of Iraq and Syria
ISIS-Core	The core ISIS organization in Iraq and Syria
ISIS-P	Islamic State of Iraq and Syria–Philippines
ISR	intelligence, surveillance, and reconnaissance
Lead IG agencies	DoD OIG, DoS OIG, and USAID OIG
Lead IG	Lead Inspector General

Acronym	
MDT	Mutual Defense Treaty between the Republic of the Philippines and the United States of America, 1951
MILF	Moro Islamic Liberation Front
OCHA	UN Office for the Coordination of Humanitarian Affairs
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



A U.S. Navy Petty Officer works alongside Philippine Army service members as they construct a new medical facility. (U.S. Army photo)



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A U.S. Marine Corps amphibious assault vehicle approaches the well deck of the amphibious assault ship USS Wasp. (U.S. Navy photo)

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