

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

PHILIPPINES

Asia East

Dialogue | Trust | Partnership

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Metro Manila (capital)	Political, financial and corporate-headquarters capital; core of the country's BPO and services economy	Financial services, BPO, corporate headquarters
Clark Freeport Zone / New Clark City, Pampanga	Major manufacturing, logistics and aerospace freeport zone north of Manila, benefiting from infrastructure decentralization efforts	Manufacturing, logistics, aerospace
Subic Bay Freeport, Zambales	Former US naval base converted into a major port, logistics and shipbuilding freeport, increasingly significant for US-Philippines security cooperation	Port logistics, shipbuilding, freeport manufacturing
Cebu (Visayas)	Secondary BPO, tourism and manufacturing hub outside the capital region	BPO, tourism, manufacturing
Nationwide renewable-energy and data-center project sites	Largest single driver of Board of Investments approvals (47.7% of January-February 2026 approvals), with foreign investment pledges up 943% year-on-year	Renewable energy, data centers, digital infrastructure
Reed Bank / West Philippine Sea energy blocks	Contested offshore oil and gas acreage where Marcos has signaled openness to restarting joint development talks with China, though such a deal faces significant constitutional review hurdles	Offshore oil and gas (contested, not yet commercially active)
Scarborough Shoal / Luzon maritime zone (West Philippine Sea)	Active flashpoint where Chinese Coast Guard vessels have turned away Filipino fishing boats and built a barrier structure, amid broader South China Sea friction	Fisheries and maritime logistics (actively contested)

INVESTOR ENTRY ROUTES

- Renewable-energy and data-center investment, the largest current driver of Board of Investments approvals with foreign pledges up sharply year-on-year
- Manufacturing, logistics and aerospace investment in the Clark and Subic freeport zones
- BPO and digital-services investment in Metro Manila and Cebu
- Tourism and hospitality investment in Cebu and other regional hubs
- Port and shipbuilding investment at Subic Bay, benefiting from deepening US and allied security cooperation
- Infrastructure investment contingent on post-scandal project validation reforms taking hold

MARKET-ENTRY OBSERVATION

The Philippines enters this Gateway Guide navigating its most serious governance crisis in years alongside a sharp and directly related growth slowdown. GDP growth has fallen from 7.6% in 2022 to just 2.3% in Q2 2026, the weakest quarterly expansion since 2021, with first-half 2026 growth of 2.6% well below the government's 3.5-4.5% target; gross capital formation contracted 9.2% (a fourth

consecutive quarterly decline) and construction activity fell 14.8%. Economic Planning Secretary Arsenio Balisacan has directly linked the slowdown to a flood-control corruption scandal that the Department of Finance estimates has caused losses above 118.5 billion pesos since 2023, out of 545 billion pesos allocated to flood projects, with Marcos himself acknowledging that over 6,000 of roughly 9,000 projects built during his term show substandard or irregular conditions. The scandal has triggered cabinet resignations (Public Works Secretary Manuel Bonoan), the removal of Senate President Chiz Escudero, House Speaker Martin Romualdez's resignation, and a "Trillion Peso March" that drew over 30,000 protesters across more than 20 cities in September 2026 the largest demonstration since Marcos took office.

Compounding the domestic crisis, a serious rift has opened between President Marcos and Vice President Sara Duterte, his former running mate, who faces a Senate impeachment trial (the threshold for conviction was lowered in 2026, making a guilty verdict more likely) on charges including misuse of public funds and threats against Marcos and the First Lady a conviction would bar her from the 2028 presidential race she is currently favored to win. Analysts note this executive rift has weakened unified foreign-policy coordination at exactly the moment the Philippines faces continued South China Sea friction with China: Chinese Coast Guard vessels have turned away Filipino fishing boats near Scarborough Shoal and built a barrier structure there, while both sides traded accusations over flag-raising at Sandy Cay in 2026, even as the Philippines, the US, Japan and Australia deepened security cooperation through record-scale Balikatan exercises and new basing and access agreements.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
Flood-control corruption crisis	Losses above 118.5 billion pesos since 2023, cabinet and legislative-leadership resignations, and the largest protests since Marcos took office have directly dented public spending and investor confidence	Track the scandal's resolution and any structural procurement reforms before committing to infrastructure-linked investment
Sharp growth deceleration	GDP growth fell to 2.3% in Q2 2026 (from 7.6% in 2022), with gross capital formation down 9.2% and construction down 14.8%, both directly tied to the corruption scandal's effect on public spending	Benchmark investment plans against current quarterly data rather than the government's 3.5-4.5% target
Marcos-Duterte political rift	VP Sara Duterte faces a Senate impeachment trial with a lowered conviction threshold, following a serious falling-out with Marcos that analysts say has weakened unified foreign-policy coordination	Monitor the impeachment trial's outcome and its implications for 2028 succession planning
South China Sea tension with China	Chinese Coast Guard vessels have turned away Filipino fishing boats near Scarborough Shoal and built a barrier structure there; both sides traded accusations over Sandy Cay in 2026, with a Code of Conduct unlikely to be meaningfully signed this year	Treat West Philippine Sea-adjacent investment as carrying active, not merely historical, maritime-security risk
Investment and construction contraction	Gross capital formation has contracted for four consecutive quarters and construction activity fell 14.8%, reflecting both the corruption scandal's fallout and stricter project validation	Distinguish between temporary validation-driven delays and a more structural investment slowdown before committing capital
Elevated inflation earlier in 2026	Inflation reached 7.2% in April 2026 before easing to 6.4% by June, squeezing household purchasing power	Track BSP inflation data and monetary-policy response before fixing peso-denominated pricing
Stricter public-project validation	Post-scandal scrutiny of government infrastructure projects has slowed implementation, particularly in public construction	Factor longer permitting and validation timelines into infrastructure-linked investment planning

INVESTOR RISK NOTE

Waverley views the Philippines as a market with genuine underlying strengths a growing renewable-energy and data-center investment cycle, established BPO and freeport-zone manufacturing bases, and deepening US and allied security partnerships currently overshadowed by its most serious governance crisis in years. The flood-control corruption scandal has directly slowed growth and investment, a parallel Marcos-Duterte political rift has weakened foreign-policy coordination, and South China Sea tensions with China remain an active, unresolved risk. Entry should proceed through established freeport and BOI channels while closely tracking the corruption scandal's resolution and the Duterte impeachment outcome.

MARKET ACCESS

The Philippines offers foreign investors access through the Board of Investments (BOI), the Philippine Economic Zone Authority (PEZA) freeport and ecozone incentive regimes at Clark and Subic, membership in ASEAN's free trade arrangements and RCEP, and a liberalized foreign-ownership framework for most sectors following recent amendments to the Public Service Act and Foreign Investment Act, alongside an open capital account with profit repatriation.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
Office of the President (Ferdinand Marcos Jr.)	Sets overall economic and foreign-policy direction while managing the flood-control scandal's political fallout and the rift with VP Duterte	Primary reference point for the administration's policy direction, though currently under significant political strain
Department of Public Works and Highways (DPWH)	At the center of the flood-control corruption scandal, with its secretary having resigned and numerous officials under investigation	Monitor for procurement-reform developments before engaging on infrastructure-linked projects
Board of Investments (BOI)	Administers investment incentives and has reported strong approval growth, particularly in renewable energy and data centers	Primary channel for most inbound investment approvals
Bangko Sentral ng Pilipinas (BSP, central bank)	Manages monetary policy amid easing but still-elevated inflation and a sharply decelerating growth picture	Monitor for monetary-policy decisions and growth-outlook commentary
Department of Finance	Has published the official loss estimates from the flood-control scandal and manages broader fiscal policy	Primary channel for verifying fiscal-impact and scandal-related developments
Philippine Economic Zone Authority (PEZA)	Administers freeport and ecozone incentive regimes at Clark, Subic and other zones	Primary channel for freeport-zone manufacturing and logistics investment
Senate (impeachment court) / Department of Foreign Affairs	The Senate is conducting VP Duterte's impeachment trial while the DFA manages South China Sea diplomacy amid weakened executive coordination	Monitor for the impeachment outcome and South China Sea diplomatic and security developments

CURRENT INTERNATIONAL BUSINESS CHANNELS

Most inbound capital flows through the Board of Investments for incentive-eligible projects, PEZA for freeport and ecozone manufacturing and logistics investment, and direct engagement with BSP and the Department of Finance for macro-sensitive sectors.

INVESTOR PROFILE BEST SUITED

Best suited to renewable-energy and data-center investors riding the current BOI approval boom, manufacturing and logistics investors able to use the Clark and Subic freeport zones, and BPO investors in Metro Manila and Cebu. Less suited to investors requiring full insulation from the ongoing corruption-scandal fallout, the Marcos-Duterte political rift, or South China Sea-adjacent maritime risk.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Confirm sector fit

Decide between renewable energy/data centers, freeport-zone manufacturing and logistics, BPO, or tourism investment.

STEP 2: Engage the relevant sector institution

Open discussions with the Board of Investments, PEZA, or relevant freeport-zone authorities depending on sector focus.

STEP 3: Assess political and governance exposure

Track the flood-control scandal's resolution and the Duterte impeachment trial outcome before committing to politically sensitive sectors.

STEP 4: Verify South China Sea-adjacent risk

For any West Philippine Sea-proximate investment, confirm current maritime-security conditions rather than relying on historical baselines.

STEP 5: Structure entry through established incentive programs

Use BOI and PEZA facilitation, particularly for renewable-energy and freeport-zone investment, to structure entry.

WAVERLEY'S ROLE

- Track the flood-control corruption scandal's resolution and its effect on public investment and spending
- Monitor the Marcos-Duterte political rift and the VP impeachment trial outcome
- Coordinate introductions to the Board of Investments, PEZA and freeport-zone authorities
- Screen renewable-energy, data-center and freeport-zone opportunities against current political and growth conditions

INVESTOR CALL TO ACTION

Waverley Gateway positions investors to capture the Philippines' genuine strengths a growing renewable-energy and data-center investment cycle and established freeport-zone manufacturing bases while explicitly tracking its flood-control corruption crisis, sharp growth slowdown, and the Marcos-Duterte political rift engage now through BOI and PEZA's established channels.

Sector screening -> Political and governance due diligence -> Institutional introductions -> Structured entry

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Near-term opportunities concentrate in renewable-energy and data-center investment (the largest current driver of BOI approvals), manufacturing and logistics investment in the Clark and Subic freeport zones, and BPO investment in Metro Manila and Cebu.

POSITIONING

The Philippines brings genuine underlying strengths to this series a fast-growing renewable-energy and data-center investment cycle, established BPO and freeport-zone manufacturing bases, and deepening US, Japanese and allied security partnerships.

That potential currently sits alongside its most serious governance crisis in years: a flood-control corruption scandal that has directly slowed growth and investment, a damaging rift between President Marcos and Vice President Duterte, and unresolved South China Sea tensions with China. Waverley frames the Philippines as a fundamentals-driven opportunity best approached through established BOI and PEZA channels while closely tracking the political and governance crisis's resolution.

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