Republic of the Philippines
House of Representatives

20th CONGRESS

First Regular Session

HOUSE BILL NO. 4611

Introduced by Hon. Charisse Anne C. Hernandez

Lone District of Calamba, Laguna

EXPLANATORY NOTE

The Constitution mandates that public office is a public trust and that the State must ensure accountability, transparency, and the prudent use of public funds. Despite existing mechanisms for budget disclosure and auditing, the Philippine budgeting and expenditure system continues to face persistent challenges such as fund leakages, inefficiencies, lack of timely access to information, and limited citizen participation in the monitoring of public expenditures.

The present budget process, while guided by existing laws and institutions, is often hindered by fragmented reporting, delays in financial disclosures, and a lack of an accessible, tamper-proof platform where the public can verify and monitor the allocation and disbursement of funds. These systemic gaps erode public confidence in government fiscal management and hinder participatory governance.

Blockchain technology offers a secure, transparent, and immutable platform that can address these challenges. By leveraging blockchain in the budget cycle—from appropriation to fund release, procurement, and expenditure tracking—the government can establish a real-time and incorruptible ledger of transactions that is accessible to oversight bodies and the general public. This ensures that every peso allocated and spent can be monitored, reducing opportunities for corruption, misuse of funds, or data manipulation.

Furthermore, a blockchain-based budget system will institutionalize public participation by granting citizens the ability to track budget execution and project implementation in a transparent, verifiable manner. This fosters trust in government processes, empowers communities to hold institutions accountable, and strengthens democratic oversight.

In light of the foregoing, the immediate passage of this bill is earnestly sought.

CHARISSE ANNE C. HERNANDEZ

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AN ACT
MANDATING THE USE OF BLOCKCHAIN TECHNOLOGY IN THE FORMULATION, IMPLEMENTATION, AND MONITORING OF THE GOVERNMENT BUDGET TO PROMOTE OPEN GOVERNANCE AND CITIZEN ENGAGEMENT

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Short Title. This Act shall be known as the **"Government Budget Blockchain Act".**

SECTION 2. Declaration of Policy. It is hereby declared the policy of the State to promote transparency, accountability, and good governance in the management and disbursement of public funds. To this end, the State recognizes the potential emerging technologies, such as blockchain, to enhance public trust by providing of immutable and transparent record of all government financial transactions. The use of blockchain ensures that all allocations, disbursements, procurements, and expenditures are permanently recorded, tamper-evident, and accessible to the public and oversight institutions in real time.

SECTION 3. Definition of Terms. As used in this Act:

a) **Accountability –** refers to the obligation of public officials and agencies to justify their use of public funds, subject to monitoring, auditing, and public scrutiny through the Blockchain technology;

b) **Blockchain Technology –** refers to a decentralized, distributed digital ledger system that records transactions in a secure, immutable, and verifiable manner, ensuring transparency, accountability, and data integrity;

c) **Digital Public Asset (DPA) -** refers to any budget-related record placed on people;

d) **Government Budget Blockchain System (GBBS) –** refers to the government-mandated digital platform utilizing blockchain technology to record, monitor, and disclose all transactions, appropriations, releases, procurements, and expenditures related to the National Budget.

e) **Immutable Record –** refers to a blockchain-stored data entry that, once created, cannot be altered, deleted, or tampered with, thereby preserving the authenticity of budgetary transactions.

f) **Public Participation –** refers to the engagement of citizens, civil society, and other stakeholders in monitoring and providing feedback on the budget process through the Blockchain system;

g) **Smart Contract –** refers to a self-executing program stored on a blockchain that automatically enforces and verifies the terms of an agreement, which may be used in budget releases, procurement, and expenditure tracking;

h) **Transparency –** refers to the open and accessible disclosure of government budgetary information, allowing the public to examine, verify, and understand the flow of public funds;
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i) **Validator Nodes -** refer to independent verifying entities, including government agencies, academic institutions, and accredited organizations, that maintain and secure the blockchain's decentralization.

SECTION 4. Establishment of the Government Blockchain-based Budget System (GBBS). - The Department of Information and Communications Technology (DICT), in coordination with the Department of Budget and Management (DBM), Department of Interior and Local Government (DILG) and Commission of Audit (COA), shall establish a blockchain-based budget system where all records of the government budget down to the barangay level are recorded as DPAs.

All records of the government budget, from budget preparation and legislation to execution and audit, shall be recorded into DPAs. Smart contracts may automate fund releases upon the fulfillment of verifiable milestones such as approval process and other documentation. A public-facing portal shall provide real-time access to DPAs and immutable records, to enable citizens, COA, and oversight bodies to independently verify the flow of funds down to agencies, projects, and beneficiaries.

All government financial systems including budgeting systems, disbursement tools, accounting applications, and reporting software shall be required to comply with blockchain interoperability standards. All data generated by such systems must anchor to the blockchain as DPAs, ensuring immutability, traceability, and public auditability.

SECTION 5. Features of the Blockchain-Based Budget System. - The blockchain-based budget system shall, at a minimum, embody the following features to ensure transparency, accountability, and reliability:

a) Immutability - All transactions and entries recorded in the system shall be permanent and shall not be subject to alteration, deletion, or manipulation, thereby preserving the integrity of official budgetary data.

b) Decentralization - Validation functions shall be distributed across multiple independent institutions, agencies, or designated entities to prevent concentration of control and to strengthen institutional accountability.

c) Traceability - The system shall provide a verifiable chain of records that allows public funds to be tracked from their appropriation in the General Appropriations Act and Local Government Funds down to their utilization in specific projects, programs, or beneficiaries.

d) Security and Resilience - The system shall employ robust cryptographic safeguards, redundancy mechanisms, and disaster recovery protocols to ensure continuous operation and to protect all data, processes, and accounts against tampering, breaches, or system failures.

e) Interoperability - The system shall be designed to be compatible with, and adaptable to existing and future government information systems and emerging technologies, thereby ensuring scalability, efficiency, and seamless integration across platforms.

SECTION 6. Mandates of Implementing Agencies. –

a) DICT shall serve as the lead implementing agency and is hereby authorized to engage and contract qualified private sector partners, technology providers, and academic institutions for the design, development, deployment, and maintenance of said system, subject to government procurement laws and regulations.

b) DBM shall ensure the integration of the national budget process into the blockchain-based budget system including provision of timely and accurate data coordination with DICT and other concerned agencies.

c) DILG shall ensure the integration of local government units budget process into the blockchain-based budget system including provision of timely and accurate data coordination with DICT and other concerned agencies.

d) COA shall integrate blockchain technology into its audit systems and processes and ensure that audit standards are aligned with blockchain-based recordkeeping.

e) All government agencies, bureaus, office, commissions, government owned or controlled corporations and local government units shall integrate their financial management systems into the blockchain-based budget system and ensure timely submission of budget, procurement, and expenditure reports.

SECTION 7. Implementing Rules and Regulations. - Within ninety (90) days from the effectivity of this Act, the DICT, in coordination with DBM, DILG and COA, shall promulgate the necessary rules and regulations for the effective implementation of this Act.

SECTION 8. Separability Clause. If any provision of this Act is declared unconstitutional, the remainder shall not be affected thereby.

SECTION 9. Repealing Clause. All laws, decrees, executive orders, and issuances inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 10. Effectivity. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,