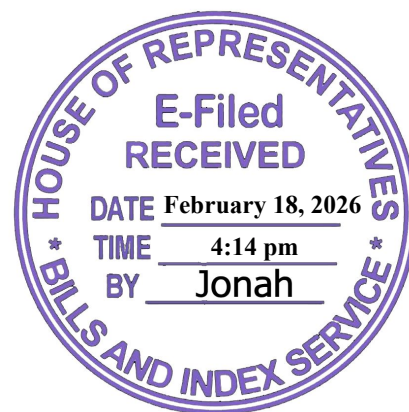


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS

1st Regular Session

House Bill No. **7881**



**Introduced by Representatives OMAR VINCENT S. DUTERTE and
PAOLO Z. DUTERTE**

EXPLANATORY NOTE

The management of public funds is the bedrock of civic trust. Historically, the Philippine budget process has faced multiple challenges most pertinently on the leakages of funds, lack of real-time visibility, and the arduous nature of manual auditing. Despite the transition to digital accounting, centralized databases remain vulnerable to unauthorized alterations, data silos, and midnight" adjustments.

The United Nations Convention Against Corruption (UNCAC) estimates that trillions of dollars are lost globally to corruption annually. In the Philippine context, a 2019 report by the Office of the Ombudsman estimated that the Philippines loses roughly ₱700 billion or approximately twenty percent (20%) of the national budget to corruption annually. At present, the Philippines suffers gaps in public participation and oversight implementation in the budget process.

The transition to a blockchain-based system is considered one of the most profound and progressive steps to move from mere transparency on paper to multifaceted transparency in code. A blockchain is a distributed, immutable ledger. Hence, by treating the National Budget as a Digital Public Asset (DPA), the proposed bill ensures that once a peso is allocated in the General Appropriations Act (GAA), its movement is tracked through a cryptographic "paper trail."

In this pursuit, the proposed measure seeks to overhaul the country's public financial management by mandating the use of a decentralized, immutable ledger to track the entire lifecycle of the National Budget. The bill ensures that every stage of the process—from the initial allocation in the General Appropriations Act to final disbursement—will be recorded while being free from deletion or alteration, thereby eliminating what are canonically termed as "ghost projects" and unauthorized fund diversions by providing a permanent, cryptographic trail of all government transactions.

In addition, to ensure the system is truly transparent, the proposed measure mandates a public-facing portal where citizens and oversight bodies like the Commission on Audit (COA) can monitor fund flows in real-time. The aforementioned system aligns with the International Budget Partnership's (IBP) standards for public participation, moving beyond static reports toward an active, verifiable oversight model.

In view of the foregoing, the approval of this Bill is earnestly sought.

HON. OMAR VINCENT S. DUTERTE

HON. PAOLO Z. DUTERTE

Republic of the Philippines
HOUSE OF REPRESENTATIVES
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TWENTIETH CONGRESS
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House Bill No. **7881**

Introduced by Representatives **OMAR VINCENT S. DUTERTE** and
PAOLO Z. DUTERTE

AN ACT
ESTABLISHING A NATIONAL BUDGET BLOCKCHAIN SYSTEM TO ENHANCE
THE TRANSPARENCY, ACCOUNTABILITY, AND PUBLIC PARTICIPATION IN
THE PHILIPPINE BUDGET PROCESS

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 “*Philippine National Budget Blockchain Act OF 2026*”.

SEC 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. In this pursuit, the State recognizes the potential of emerging technologies, such as blockchain, to enhance public trust by providing an 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.

SEC 3. *Definition of Terms.* – For purposes of this Act, the following definitions shall hereby apply:

- a) ***Blockchain*** refers to a distributed and cryptographically secured digital ledger that records transactions in a verifiable, immutable, and transparent manner;
- b) ***Blockchain-based Budget System*** refers to a government-managed blockchain ledger that records, in a real-time and immutable form, all transactions across the budget cycle.
- c) ***Digital Public Asset (DPA)*** refers to any budget-related record placed on blockchain, representing public funds as immutable and verifiable assets of the people;
- d) ***National Budget*** refers to the General Appropriations Act (GAA), which is the law that authorizes the government to spend a specific amount of money for various programs and projects;
- e) ***Smart Contract*** refers to self-executing code deployed on blockchain to enforce predefined conditions, including budget releases and compliance requirements; and
- f) ***Validator Nodes*** refer to independent verifying entities, including government agencies, academic institutions, and accredited organizations, that maintain and secure the

blockchain's decentralization.

SEC. 4. *Establishment of the Blockchain-based Budget System.* – The Department of Information and Communications Technology (DICT), in coordination with the Department of Budget and Management (DBM) and the Commission of Audit (COA), shall establish a blockchain-based budget system where all records of the national budget are recorded as DPAs.

All records of the national 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, 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.

SEC 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 down to their utilization in specific projects, programs, or beneficiaries.
- d) ***Security and Resilience.*** - The system shall employ robust cryptographic safeguards, redundancy mechanisms, and disasters 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.

SEC 6. *Mandates of Implementing Agencies.* – Implementing agencies shall be vested with the following mandates:

- a) The Department of Information and Communications Technology (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) The Department of Budget and Management (DBM) shall ensure the integration of the national budget process into the blockchain-based budget system including provision of timely and accurate data in coordination with DICT and other concerned agencies.
- c) The Commission of Audit (COA) shall integrate blockchain technology into its audit systems and processes and ensure that audit standards are aligned with blockchain-based recordkeeping.

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

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

SEC. 8. *Appropriations.* – The amount of Five Hundred Million Pesos (₱500,000,000.00) is hereby appropriated from available funds in the National Treasurer for the initial implementation of this Act. This shall cover the research, development, infrastructure setup, system integration, and capacity building required to transition to the blockchain-based budget system. Thereafter, such sums as may be necessary for its continued implementation and maintenance shall be included in the annual General Appropriations Act.

SEC. 9. *Separability Clause.* – If any provision of this Act is declared unconstitutional, the remainder thereof not otherwise affected shall remain in full force and effect.

SEC. 10. *Repealing Clause.* – All laws, decrees, orders, rules, and regulations or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 11. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,