

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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 5943



Introduced by Representative Jan Rurik D. Padiernos, GP (Galing sa Pusong) Party-List

EXPLANATORY NOTE

The national budget directs how government resources are raised, allocated, and spent for programs and services that serve the people. It reflects the true priorities of government and must therefore be open to public scrutiny.

The 1987 Constitution affirms this principle of accountability. Article II, Section 27 provides that “the State shall maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption,” while Article XI, Section 1 declares that “public office is a public trust.” These provisions require transparency in the management of public funds.

Despite existing online systems for budget reporting, access to reliable and verifiable data remains limited. Information is often fragmented among agencies, and inconsistencies reduce public trust.

This bill establishes a National Budget Blockchain Transparency System to strengthen transparency and accountability in the use of government funds. Blockchain is a distributed digital ledger that records verified transactions in a secure and tamper-proof manner. It may be adopted under the authority of the Department of Information and Communications Technology (DICT) pursuant to Republic Act No. 10844, or the DICT Act of 2015, and DICT Department Circular No. 002, series of 2020, which promotes the use of blockchain in government transactions.

Through this measure, the Department of Budget and Management (DBM), the Commission on Audit (COA), and the DICT shall record all stages of the budget process from preparation and release to disbursement and audit through a blockchain system. This will make every peso of public funds traceable from allocation to actual use.

Unlike current systems maintained separately by each agency, a blockchain ledger provides a shared and permanent record that cannot be altered without detection. It ensures data integrity, supports real-time audit and monitoring, and upholds data privacy under Republic Act No. 10173, or the Data Privacy Act of 2012.

By adopting blockchain, the government can make the budget process transparent, secure, and verifiable. It fulfills the constitutional mandate of honesty and accountability in the public service and strengthens public confidence in the proper use of taxpayer money.

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



ATTY. JAN RURIK D. PADIERNOS
GP (Galing sa Puso) Party-List

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AN ACT
ESTABLISHING A NATIONAL BUDGET TRANSPARENCY AND
ACCOUNTABILITY SYSTEM USING BLOCKCHAIN TECHNOLOGY, AND
FOR OTHER PURPOSES

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 “*National Budget Blockchain Transparency Act.*”

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 through the use of digital innovation, consistent with Article II, Section 27 of the 1987 Constitution.

Pursuant to Republic Act No. 10844, otherwise known as the “Department of Information and Communications Technology Act of 2015,” the State shall harness emerging technologies, such as blockchain, to establish a tamper-proof and verifiable digital record system that ensures all budget transactions are traceable, auditable, and accessible to the public in real time.

SEC. 3. *Definition of Terms.* – For purposes of this Act, the following terms are defined as follows:

(a) *Blockchain* refers to a distributed ledger with confirmed blocks of transactions that are cryptographically linked to form an immutable sequence.

(b) *Blockchain-based Budget System* refers to a government-managed, tamper-proof, and verifiable digital ledger that records all budget transactions in a secure and transparent manner.

(c) *Public Budget Data* refers to any budget-related record, including allocations, disbursements, and expenditures of public funds.

(d) *Data Standards* refer to the prescribed formats, terminologies, and technical specifications adopted by the Department of Information and Communications Technology (DICT) to ensure consistency and accuracy of digital information used in government systems.

(e) *Interoperability* refers to the ability of different information and communications technology (ICT) systems and organizations to communicate, exchange data, and use the information that has been exchanged in a secure and efficient manner.

SEC. 4. *Creation of the National Budget Blockchain Transparency System.* – The Department of Information and Communications Technology (DICT), in coordination with the Department of Budget and Management (DBM) and the Commission on Audit (COA), shall establish and maintain a blockchain-based system for the national budget.

This system shall record all stages of the budget process, including preparation, legislation, release, disbursement, and audit. It shall be designed to ensure accuracy, security, and interoperability with existing government information systems.

The system shall also allow citizens, oversight agencies, and auditors to verify and trace the flow of public funds in real time through an online platform. Access to this information shall be provided in a manner that protects data privacy and national security.

SEC. 5. *Features of the System.* – The blockchain-based budget system shall have the following features:

(a) *Transparency.* – All transactions shall be viewable to authorized users and oversight agencies to promote open and verifiable reporting;

(b) *Integrity of Records.* – Verified entries shall not be altered or deleted to preserve a permanent and reliable audit trail;

(c) *Traceability.* – Every peso of public funds shall be traceable from allocation to actual utilization;

(d) *Security and Reliability.* – The system shall use encryption and maintain regular backups to prevent tampering, data loss, or unauthorized access; and

(e) *Public Access.* – Citizens shall have access to non-confidential budget data through an online platform consistent with data privacy and security laws.

(f) *Validation and Verification.* – All transactions and data inputs shall undergo multi-level validation by the concerned government offices prior to their entry into the

blockchain ledger. The system shall record only verified transactions that have passed the required budgetary and accounting controls under existing laws, rules, and regulations.

SEC. 6. *Mandates of Implementing Agencies.* – The following agencies shall implement this Act:

(a) *Department of Information and Communications Technology (DICT).* – The DICT shall lead in the development, implementation, and maintenance of the blockchain-based budget system. It shall issue the necessary technical standards and ensure the system's interoperability and cybersecurity.

(b) *Department of Budget and Management (DBM).* – The DBM shall integrate budget preparation, release, and disbursement data into the system and coordinate with all national government agencies to ensure accurate and timely submission of information.

(c) *Commission on Audit (COA).* – The COA shall align its audit procedures with the system and use the data generated for real-time auditing and verification of transactions. It shall integrate blockchain records into its annual and special audit reports and may issue rules and circulars as may be necessary to implement this Act.

(d) *Other Government Agencies.* – All national government agencies, government-owned or-controlled corporations, and local government units shall cooperate with the DICT, DBM, and COA in the implementation of this Act and provide the necessary data and access to records.

SEC. 7. *Data Standards and Interoperability.* – The blockchain-based budget system shall comply with national and international standards on data integrity, interoperability, and cybersecurity, including those prescribed under Republic Act No. 10844 and the policies issued by the Department of Information and Communications Technology (DICT).

All participating agencies shall align their information systems and data formats with these standards to ensure secure and accurate exchange of budget information. The system shall be integrated with the Philippine Government Interoperability Framework (PGIF) and other platforms under the e-Governance Act to ensure seamless information exchange across agencies.

SEC. 8. *Capacity-Building.* – The Department of Information and Communications Technology (DICT) and the Department of Budget and Management (DBM) shall conduct regular capacity-building and training programs for government personnel on the use of blockchain and other digital tools for budget management, disbursement, and reporting.

The training shall include awareness of data privacy, cybersecurity, and public transparency standards, in coordination with the Commission on Audit (COA) and other concerned agencies.

SEC. 9. *Data Privacy and Security.* — The implementation of this Act shall comply with Republic Act No. 10173, otherwise known as the “Data Privacy Act of 2012.” The DICT shall adopt end-to-end encryption, authentication, and security protocols to protect sensitive budget and personal data stored in the system.

SEC. 10. *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 its effective implementation.

SEC. 11. *Funding.* — The amount necessary for the initial implementation of this Act shall be charged against available funds of the DICT and DBM. Thereafter, such sums as may be necessary shall be included in the annual General Appropriations Act.

SEC. 12. *Monitoring and Evaluation.* — The DICT and DBM shall submit to Congress an annual report on the implementation of this Act, including system performance, audit results, and recommendations for improvement.

SEC. 13. *Separability Clause.* — If any provision of this Act is declared unconstitutional or invalid, the remaining provisions shall remain in full force and effect.

SEC. 14. *Effectivity.* — This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,