

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Congress of the Philippines
Quezon City

NINETEENTH CONGRESS
Third Regular Session

House Bill No. **10944**



Introduced by Rep. Mary Mitzi Cajayon-Uy

EXPLANATORY NOTE

The term Artificial Intelligence (AI) was first coined in 1956 by computer scientist John McCarthy. Artificial intelligence (AI) is the development of computer systems that replicate human intelligence and perform certain human tasks.

The Philippines recognizes the vast growth of AI in both the private and public sectors. AI is integrated in sectors such as education, medicine, business, engineering, and the arts.¹

While the rapid advancement of AI has various beneficial application, it also presents significant risks when misused, particularly in replicating human voices and likeness. The 2023 *AI Index Report* indicates that incidents of "ethical misuse of AI has increased 26 times since 2012."²

The Philippines strongly adheres to utilize the advantages of AI. Moreover, this bill aims to establish the Philippine Artificial Intelligence Board (PAIB)- whose function, among many others, is to protect the fundamental rights of every Filipino vis-a-vis the growing impact of AI in our country. The PAIB shall also be established to ensure that the development, research, application, and use of AI are grounded on value-based principles and ethical considerations.

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


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¹ The Philippines Pushes for Greater Adoption of AI – OpenGov Asia

² <https://aiindex.stanford.edu/report/>

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AN ACT

ESTABLISHING A REGULATORY FRAMEWORK FOR A RELIABLE AND SECURE DEVELOPMENT, RESEARCH, APPLICATION, AND USE OF ARTIFICIAL INTELLIGENCE (AI) SYSTEMS, CREATING THE PHILIPPINE ARTIFICIAL INTELLIGENCE BOARD, DELINEATING THE ROLES OF VARIOUS GOVERNMENT AGENCIES, DEFINING AND PENALIZING CERTAIN PROHIBITED ACTS

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 "Artificial Intelligence Act."

Section 2. Declaration of Policy. - The State recognizes that technology is essential for national development and progress. It shall support their application to the country's productive systems and regulate the transfer and promote the adaptation of technology from all sources for national benefit. To this end, the State shall promote the development of artificial intelligence (AI), including digitization and infrastructure, workforce development, research and development, and regulation with the end view of harnessing AI's potentials to uplift the lives of Filipinos, local industries, and the national economy.

Section 3. Definition of Terms. -For purposes of this Act, the following terms shall be defined as stated below:

- (a) Algorithm refers to a process or set of rules to be followed in calculations or other problem-solving operations, especially by a computer;
- (b) Algorithm decisions refer to the analysis of large amounts of personal data to infer correlations or, more generally, to derive information deemed useful to make decisions;

- (c) Artificial Intelligence refers to the simulation of human intelligence in machines that are programmed to think like humans and mimic their actions.;
- (d) Artificial Intelligence Eco-System refers to a group of AI systems which are coupled together to some extent to achieve a common goal. The most common goal of establishing an AI ecosystem is automation via applied machine learning. This is generally achieved by putting AI systems in both real-time as well as historical scenarios and generating intelligence out of it;
- (e) Artificial Intelligence System refers to a computer system or software application that utilizes AI technologies and techniques to perform a task or make a decision such as machine learning, deep learning, natural language processing, and robotics;
- (f) Augmentation refers to the process of allowing human collaboration with machines to perform a task;
- (g) Automated Decision refers to the process of making a decision by automated means without any human involvement;
- (h) Automation refers to the creation and application of technologies to produce and deliver goods and services with minimal human intervention;
- (i) Innovation refers to the creation of new ideas that results in the development of new or improved policies, products, processes, or services which are then spread or transferred across the market;
- (j) Lethal Autonomous Weapons Systems (LAWS) refer to weapons that use artificial intelligence to identify, select, and kill human targets without human intervention;
- (k) Regulatory Sandbox refers to a regulatory approach, typically summarized in writing and published, that allows live, time-bound testing of innovations under a regulator's oversight;
- (l) Social Scoring refers to the act of rating a person's level of influence based on evaluating one's followers, friends, and postings on social networks such as Twitter and Facebook;
- (m) Identity theft through the use of AI refers to incidents when actors craft fake identities and create convincing phishing content to steal information and commit fraud to impersonate another person;
- (n) Deepfakes refer to technology that analyze massive amounts of audio or video of a specific person and then use that information to generate deeply convincing content that can mimic facial expressions, voices and mannerisms;
- (o) Phishing refers to a type of cybercrime wherein the attacker impersonates another person through the use of email, text message, phone calls, and other electronic communication methods;

(p) AI-powered phishing refers to the act of using AI to make the phishing messages more convincing and personalized;

(q) AI misuse refers to unauthorized replication of a person's voice or likeness using AI as a form of identity theft; and

(r) Consent Requirement refers to any use of AI to replicate a person's voice or likeness shall require explicit consent from the subject individual provided through verifiable means.

(s) Bill of Rights refers to the fundamental rights of every Filipino in the development, research, application, and use of AI systems:

(i) Right to Protection from Unsafe and Ineffective AI Systems - The right of every person to be protected from harmful AI systems shall be inviolable. AI systems, tools, and technologies shall be developed with consultation from diverse communities, stakeholders, and domain experts to identify concerns, risks, and potential impacts of the system. Systems shall undergo pre-deployment testing, risk identification and mitigation, and ongoing monitoring that demonstrate they are safe and effective based on their intended use, mitigation of unsafe outcomes including those beyond the intended use, and adherence to domain-specific standards.

(ii) Right Against Algorithmic Discrimination - No person shall be discriminated by algorithms and AI systems on the basis of ethnicity, sex, related medical conditions, gender identity, religion, age, national origin, disability, genetic information, or any other classification protected by law. Designers, developers, and deployers of AI systems shall take proactive and continuous measures to protect individuals and communities from algorithmic discrimination and shall use and design systems in an equitable manner. To protect equal rights, proactive equity assessments as part of the system design, use of representative data and protection against proxies for demographic features, ensuring accessibility for people with disabilities in design and development, pre-deployment and ongoing disparity testing and mitigation, and clear organizational oversight shall be instituted. Independent evaluation and plain language reporting in the form of an algorithmic impact assessment, including disparity testing results and mitigation information shall be performed and made public whenever possible to confirm these protections.

(iii) Right to Privacy - Every person shall be protected from violations of privacy through design choices that ensure such protections are included by default. Data collection that conforms to reasonable expectations and that only data strictly necessary for the specific context is collected shall be ensured. Designers, developers, and deployers of AI systems shall seek permission and respect the decisions of every person regarding collection, use, access, transfer, and deletion data in appropriate ways and to the greatest extent possible. Alternative privacy by design safeguards shall be used whenever applicable. Systems shall not employ user experience and design decisions that obfuscate user choice or burden users with defaults that are

privacy invasive. Consent shall only be used to justify collection of data in cases where it can be appropriately and meaningfully given.

(iv) Right to Information - Designers, developers, and deployers of AI systems shall provide generally accessible plain language documentation including clear descriptions of the overall system functioning and the role automation plays including notice that such systems are in use, the individual or organization responsible for the system, and explanations of outcomes that are clear, timely, and accessible. Such notice shall be kept up-to-date and people impacted by the system shall be notified of significant use case or key functionality changes.

(v) Right to Redress -Every people shall be given an opportunity to opt out from AI systems in favor of a human alternative, where appropriate. They shall have access to timely human consideration and remedy through a fallback and escalation process if an automated system fails or produces an error. The right to appeal or contest AI's impacts on every person shall not be denied. Human consideration and fallback shall at all times be accessible, equitable, effective, maintained and shall not impose an unreasonable burden to the public.

(s) Consent Requirement refers to any use of AI to replicate a person's voice or likeness shall require explicit consent from the subject individual provided through verifiable means.

Section 4. Creation of the Philippine Artificial Intelligence Board.- To carry out the provisions of this Act, an agency shall be created to be called the Philippine Artificial Intelligence Board (PAIB) and shall be composed of the Secretary of Science and Technology (DOST) as Chairman, the Secretary of the Department of Information and Communications Technology (DICT), the Secretary of the Department of Trade and Industry (DTI), the Director General of the Intellectual Property Office of the Philippines (IpopHIL), and the Commissioner of the National Privacy Commission (NPC), as members. The PAIB shall act unanimously in the discharge of its functions as defined hereunder:

(a) to exercise regulatory and supervisory authority over the development, research, application, and use of AI systems;

(b) to investigate motu proprio or upon report of any person, impose and collect fines and penalties, initiate and resolve the necessary administrative action, or initiate the necessary criminal case against the responsible persons for any violation of this Act;

(c) to issue subpoena and subpoena duces tecum in relation to its investigation provided that the subpoena shall state the nature and purpose of the investigation, shall be directed to the person whose attendance is required, and in the case of a subpoena duces tecum, it shall contain a reasonable description of books, documents, or things demanded which must be relevant to the investigation;

(d) to exercise visitorial powers by itself or in coordination with other competent agencies of the government to ensure the effective implementation of this Act, which shall include the power to scrutinize the records of AI companies and laboratories, except trade secrets and proprietary information, and to inspect their premises. Provided, That trade secrets and proprietary information shall be defined in this Act's implementing rules and regulations;

(e) to appoint automation auditors with the power to probe and review the behavior of the algorithm;

(f) to require AI companies and laboratories to submit written or electronic forms or reports as it may deem necessary and reasonable;

(g) to create, maintain, and regularly update a central database of AI companies and laboratories;

(h) to conduct a nationwide information campaign with the Philippine Information Agency (PIA) that shall inform and educate the public on the responsible development, application, and use of AI systems to enhance awareness among end-consumers;

(i) to enlist the assistance of any branch, department, bureau, office, agency or instrumentality of the government, including government-owned and -controlled corporations, in undertaking any and all operations, which may include the use of its personnel, facilities and resources for the more resolute prevention, detection and investigation of offenses and prosecution of offenders; and

(j) to implement such measures as may be necessary and justified under this Act.

Section 5. Creation of a Secretariat. -The PAIB is hereby authorized to establish a secretariat to be headed by an Executive Director who shall be appointed by the Board for a term of four (4) years. He or she must be a member of the Philippine Bar, at least thirty-five (35) years of age and of good moral character, unquestionable integrity and known probity. All members of the Secretariat must have served for at least three (3) years in any of the member agencies and shall hold full-time permanent positions within the said agencies.

Section 6. Whole of Government Approach. -In order to effectively regulate and/or mitigate the risks and harness the potentials of AI across all areas of government policy-spanning health, infrastructure, education, training, energy, communication, industry, science and technology, defense, among others - a "whole of government approach" shall be adopted. This approach shall facilitate engagement with business, the research development and extension (RD&E) sector, and the broader community towards ensuring the full and effective implementation of this Act. All government agencies concerned, including the following, shall be responsible for implementing the country's policies on AI and, as such, shall observe the "whole of government approach" provided herein:

- (a) Department of Science and Technology (DOST);
- (b) Department of Information and Communications Technology (DICT);
- (c) Department of Trade and Industry (DTI);
- (d) Department of Agriculture (DA);
- (e) Department of Environment and Natural Resources (DENR);
- (f) Department of Health (DOH);
- (g) Department of Energy (DOE);
- (h) Department of Transportation (DOTr);
- (i) Department of National Defense (DND); 0) Department of the Interior and Local Government (DILG);
- (k) Department of Education (DepEd);
- (l) Commission on Higher Education (CHED);
- (m) Technical Education and Skills Development Authority (TESDA);
- (n) Department of Labor and Employment (DOLE); and
- (o) Commission on Human Rights (CHR).

Government agencies shall make available for public access, a joint web portal, that will bear information pertinent to AI regulations. Government agencies shall submit periodic reports to the Board on their respective implementation of this Act. Reporting guidelines shall be prepared by the Board for this purpose. The enumeration of agencies provided herein is without prejudice to other agencies that the Board may mandate.

Section 7. Reports and Disclosure to the PAIB. -In requiring AI companies and laboratories to submit written or electronic forms or reports pursuant to Section 6, the PAIB shall be prohibited from sharing, disclosing, or making available to the public and other AI entity any information, document, plan, and report constituting trade secrets, proprietary data, and other legitimate commercial information which are confidential or privileged in nature.

Section 8. Central Database of AI Industry. -The central database, which shall be open to the public, created by the PAIB, shall be updated on a monthly basis. It shall include the following information:

- (a) Corporate, business, or trade name of the AI industry participant;
- (b) Registered trademark or trade name or logo of AI company or laboratory;
- (c) Violations committed and incidents relating to such violations; and

(f) Other relevant information as may be determined by the Board: Provided, That it shall not include trade secrets and other proprietary information as may be determined in this Act's implementing rules and regulations. For this purpose, the PAIB shall coordinate with the Intellectual Property Office of the Philippines (IpopHL) for the accurate reporting of trademarks and tradenames of AI companies or laboratories.

Section 9. Prohibited Use of AI Systems. -It shall be unlawful for any person to use any AI system that shall cause unnecessary, unjustifiable and indiscriminate moral or pecuniary damage to individuals. The use of lethal autonomous weapon systems (LAWS), creation and proliferation of "deep fake" videos, as well as any misuse of AI systems, are hereby prohibited. The development, research, application, and use of AI to manipulate, exploit or control any person beyond his or her consciousness to materially distort his or her behavior in a manner that is likely to cause him or her or another person physical or psychological harm is prohibited. AI based social scoring of natural persons and practices that undermine privacy rights shall also be prohibited.

Section 10. Penalties. -Any person who willfully or knowingly does or who shall aid, permit, or cause to be done any of the acts declared to be unlawful in the preceding section, or aids, permits, or causes such violation shall, upon conviction thereof, be punished by imprisonment for not less than six months or more than six years and with the accessory penalty of perpetual absolute disqualification from public office if the offender be a public official at the time of the commission of the offense, and, if the offender is an alien he shall be subject to deportation proceedings.

Section 11. Violations by Juridical Entities. -If the violation is committed by a corporation, partnership, association, or other juridical entity, the penalty of imprisonment shall be imposed on the responsible directors or officers thereof, and the lack of corporate personality cannot be raised as a defense in case the juridical entity is unregistered.

Section 12. Appropriations. -The amounts necessary for the implementation of this Act shall be included in the annual General Appropriations Act.

Section 13. Implementing Rules and Regulations. - The DOST, shall, in consultation with the concerned government agencies and stakeholders, promulgate the implementing rules and regulations of this Act within ninety (90) days from its effectivity. All guidelines, regulations, and other issuances mandated to be promulgated in this Act shall be issued within sixty (60) days from the promulgation of this Act's implementing rules and regulations.

Section 14. Separability Clause - If, for any reason, any chapter, section, or provision of this Act shall be declared unconstitutional, illegal, or invalid, such parts not affected thereby shall remain in full force and effect.

Section 15. Repealing Clause. - All laws, decrees, executive orders, proclamations, and administrative regulations, or parts thereof inconsistent herewith are hereby repealed or modified accordingly.

Section 16. Effectivity. - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in any newspaper of general circulation.

Approved,