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

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. **7396**

Introduced by Representative ROBERT ACE S. BARBERS

EXPLANATORY NOTE

Artificial Intelligence (AI) is rapidly transforming the global economy, with its potential to enhance productivity, improve the delivery of public services, and drive economic growth. While the Philippines recognizes the importance of AI in the development of the country, the rapid pace of technological advancement in AI also poses risks and challenges that must be addressed to ensure that the benefits of AI are maximized, and its negative impacts are minimized if not avoided.

This bill entitled "An Act Promoting the Development and Regulation of Artificial Intelligence in the Philippines" seeks to address the potential risks and challenges by providing for a comprehensive framework for the development and regulation of AI in the Philippines. It aims to foster an environment that promotes the responsible and ethical development of AI, while also ensuring that its deployment is aligned with the values and interests of the Filipino people.

In a nutshell, the proposed legislation defines AI as an umbrella term that encompasses various forms of technology, including machine learning, deep learning, neural networks, and natural language processing. It outlines the principles of responsible AI development, which include transparency, fairness, accountability, and privacy. It likewise requires organizations that develop or deploy AI technologies to adhere to these principles and to conduct risk assessments and impact analyses before deploying their technologies. Moreover, it includes provisions to protect the privacy and personal data of individuals, to prevent discrimination and bias in AI technologies, and to ensure that AI systems are safe and secure. It further requires organizations to be transparent about their use of AI and to provide meaningful explanations for the decisions made by AI systems.

To undertake the foregoing tasks, duties and responsibilities, the proposed measure establishes an agency to be known as the Artificial Intelligence Development Authority (AIDA) which will be responsible for the development and implementation of a national AI strategy. The strategy will promote research and development in AI, support the growth of AI-related industries, and enhance the skills of the Filipino workforce in the field of AI. The AIDA will also be tasked with regulating the development and deployment of AI technologies in the Philippines, ensuring that these technologies are aligned with the principles of responsible AI development.

It is hoped that this bill will enable the Philippines to maximize the benefits of AI while minimizing its negative impacts, and to position the country as a leader in the responsible and ethical development of this transformative technology.

ROBERT ACE S. BARBERS

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AN ACT PROMOTING THE DEVELOPMENT AND REGULATION OF ARTIFICIAL INTELLIGENCE IN THE PHILIPPINES

SECTION 1. **Short Title.** This Act shall be known as the "Artificial Intelligence Development and Regulation Act of the Philippines."

SECTION 2. **Declaration of Policy.** It is hereby declared the policy of the State to promote the development of artificial intelligence in the Philippines, while ensuring that its development and deployment are aligned with national priorities, socially responsible, and respectful of human rights. The State recognizes the potential of artificial intelligence to contribute to economic growth, social welfare, and national security, and commits to promote its development in a way that is transparent, accountable, and responsive to the needs of the people.

SECTION 3. **Purpose**. The purpose of this Act is to promote and regulate the deployment of artificial intelligence (AI) technologies in the Philippines to ensure that AI systems are developed, deployed, and used in a manner that is consistent with ethical principles, protects human rights and dignity, and serves the public interest. This Act aims to achieve the following objectives:

(a) Promote the development of AI technologies through research and development, innovation, and entrepreneurship.

(b) Protect the rights and welfare of individuals and communities affected by AI technologies.

(c) Ensure that AI technologies are developed, deployed, and used in a manner that is transparent, accountable, and fair.

(d) Develop the necessary infrastructure and human capital to support the development and deployment of AI technologies in the Philippines; and

(e) Foster international cooperation and collaboration in the development and use of AI technologies.

SECTION 4. **Definitions.** For the purposes of this Act, the following terms shall be defined as follows:

(a) *Artificial Intelligence (AI)* refers to ability of machines or computer programs, systems or software that are designed to perform tasks that simulate human intelligence, such as reasoning, learning, perception, and problem-solving.

(b) *AI 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.

(c) *AI developer* refers to any person, entity, or organization that develops AI technologies including software and hardware. The development of AI technologies includes among others the design, development, testing, or deployment of AI systems.

(d) *AI user* refers to any person, entity, or organization that utilizes or benefits from AI systems, including but not limited to government agencies, private companies, and individuals.

(e) *AI regulator* refers to any government agency or regulatory body that is responsible for overseeing the development and deployment of AI systems.

(f) *Access* refers to the instruction, communication with, storing data in, retrieving data from, or otherwise making use of any resources of a computer system or communication network.

(g) *Alteration* refers to the modification or change, in form or substance, of an existing computer data or program.

(h) *Computer* refers to an electronic, magnetic, optical, electrochemical, or other data processing or communications device, or grouping of such devices, capable of performing logical, arithmetic, routing or storage functions, and which includes any storage facility or equipment, or communications facility or equipment directly related to or operating in conjunction with such device. It covers any type of computer device, including devices with data processing capabilities like mobile phones, smart phones, computer networks and other devices connected to the internet.

i) *Computer program* or *Application* refers to a set of instructions executed by the computer to achieve intended results.

j) *Computer system* refers to any device or group of interconnected or related devices, one or more of which, pursuant to a program, performs automated processing of data. It covers any type of device with data processing capabilities, including, but not limited to, computers and mobile phones. The device consisting of hardware and software may include input, output and storage components, which may stand alone or be connected to a network or other similar devices. It also includes computer data storage devices or media.

k) *Critical infrastructure* refers to the computer systems, and/or networks, whether physical or virtual, and/or the computer programs, computer data and/or traffic data that are so vital to this country that the incapacity or destruction of or interference with such system and assets would have a debilitating impact on security, national

or economic security, national public health and safety, or any combination of those matters.

l) *Cybersecurity* refers to the collection of tools, policies, risk management approaches, actions, training, best practices, assurance and technologies that can be used to protect the cyber environment, and organization and user's assets.

m) *Transparency* means the quality or state of being open, accountable, and easily understood.

SECTION 5. **Establishment of AI Development Authority (AIDA).** An artificial intelligence body to be known as Artificial Intelligence Development Authority (AIDA) is hereby created and established to oversee the development and deployment of AI technologies, ensuring compliance with AI ethics principles and guidelines, and protecting the rights and welfare of individuals and communities affected by AI technologies.

Composition. The Artificial Intelligence Development Authority (AIDA), under the administrative supervision of the Office of the President, shall be governed by a Board of Trustees composed of permanent and ex-officio members, as follows:

1. Permanent Board Members. The permanent members include the following:

   a. Executive Director of the Department of Science and Technology - Information and Communications Technology Office (DOST-ICTO) as Chairman
   b. Head of the ICT Industry Development Bureau of the Department of Information and Communications Technology (DICT-IIDB) as Vice-Chairman
   c. Head of the National Computer Center.
   d. One (1) representative from the private sector who should be experts in the fields of information technology specializing artificial intelligence, law, ethics, social science, and other relevant disciplines.
   e. One (1) representative from the academe who should be experts in the fields of information technology specializing artificial intelligence, law, ethics, social science, and other relevant disciplines.

2. Ex-Officio Members. The ex-officio members include the heads or their deputies, assistants, or next-in-rank of the following agencies:

   a. National Privacy Commission (NPC)
   b. Department of Justice-Office of Cybercrime (DOJ-OC)
   c. National Intelligence Coordinating Agency (NICA)
   d. Armed Forces of the Philippines (AFP) Cyber Command
   e. Philippine National Police Anti-Cybercrime Group (PNP-ACG)
   f. National Telecommunications Commission (NTC)
   g. Securities and Exchange Commission
   h. Such other offices, agencies and/or units, as may be necessary

Meetings of the Board. The Board of Trustees of the Artificial Intelligence Development Authority (AIDA) shall meet once a week or as often as necessary at the discretion of the Chairman or at the call of any three (3) other members. The presence of majority of the permanent members and of the ex-officio members shall constitute a quorum.

SECTION 6. **Secretariat.** The AIDA Secretariat serves as the implementing arm of the Board and shall be responsible for the efficient and effective enforcement of all the provisions of

this Act. It shall be headed by the Executive Director and two (2) Deputy Executive Directors. The Board shall recommend to the President of the Philippines the appointment of an Executive Director who shall be the Secretary of the Board and at the same time the executive officer having direct control and supervision of the AIDA. He/she must possess adequate knowledge, training, and experience for at least seven (7) years in the field of information technology and recently on artificial intelligence.

Two Deputy Executive Directors for administration and for operations shall also be appointed by the President upon recommendation of the Board. They shall possess the same qualifications as those of the Executive Director. They shall receive a salary corresponding to their position as prescribed by the Salary Standardization Law as a Career Service Officer.

SECTION 7. **Regulation of AI Development and Deployment.** The AIDA shall have the general mandate and power to oversee the development and deployment of AI technologies, ensure compliance with AI ethics principles and guidelines, and protect the rights and welfare of individuals and communities affected by AI technologies. Specifically, it shall be responsible for:

(a) Developing a national AI development and regulation strategy that aligns with national priorities and international standards including but not limited to requirements for AI impact assessments, data protection, and transparency in AI decision-making.

(c) Conducting research and development activities to promote the advancement of AI technology in the Philippines.

(b) Providing guidance and support to AI developers and users on ethical and responsible development and deployment of AI technologies in the Philippines.

(a) Establishing standards and guidelines for legal, ethical and responsible AI development, use and deployment, and enforcing them by conducting investigations and penalizing violations of said AI ethics principles, standards, and guidelines.

(d) Establishing licensing and certification requirements for AI developers and deployers so that they shall be required to register with AIDA and comply with its regulations and guidelines. Failure to register or comply with the regulations and guidelines of the Council shall be considered a violation of this Act and subject to applicable administrative penalties and sanctions.

(e) Ensuring that personal data collected, used, and processed by AI systems are protected in accordance with Republic Act 10173 otherwise known as the Data Privacy Act of 2012 and other relevant laws and regulations.

(f) Developing data security and cybersecurity standards for AI systems to protect against cyber-attacks and hacking.

(g) Establishing a mechanism for reporting and addressing complaints and grievances related to the deployment of AI systems in the Philippines.

(h) Monitoring and evaluating the development and deployment of AI systems in the Philippines and, except when national security and interest is involved, it shall

regularly report to the public on the state of AI development and its impact on society.

SECTION 8. **Promotion of AI Development**. The AIDA shall establish programs and initiatives that promote AI research and development, innovation, and entrepreneurship, with a focus on developing AI technologies that address the country's most pressing social and economic challenges. It shall promote the development of AI in the country through employment of any or combination of the following measures:

(a) Providing funding and support for AI research and development activities.

(b) Encouraging partnerships between academic institutions, private companies, and government agencies to promote AI development.

(c) Promoting the adoption of AI in government agencies and private companies to improve efficiency and productivity.

(d) Providing incentives for AI developers and users who adhere to ethical and responsible AI development and deployment practices.

(e) Promoting the development of AI talent and skills in the Philippines through education and training programs.

SECTION 9. **International Cooperation and Collaboration.** The AIDA shall undertake international cooperation and collaboration in the development and use of AI technologies, including through partnerships with other countries, international organizations, and the private sector. It shall participate in international efforts to develop global norms and standards for the development and use of AI technologies and shall work to ensure that these norms and standards are consistent with Philippine laws, regulations, and values.

SECTION 10. **Appropriations.** The government shall allocate funds for the implementation of this Act, including the establishment and operation of the AI regulatory authority or commission and the promotion of AI research and development.

SECTION 11. **Penal Provisions.** Any person or entity that violates the provisions of this Act, including the AI ethics principles and guidelines, shall be penalized in accordance with the penalties provided for under existing laws and regulations.

SECTION 12. **Implementing Rules and Regulations.** The AI regulatory authority shall promulgate the necessary rules and regulations for the implementation of this Act, in consultation with relevant stakeholders.

SECTION 13. **Separability Clause.** If any provision of this Act is declared unconstitutional or invalid, the other provisions not affected thereby shall remain in full force and effect.

SECTION 14. **Repealing Clause.** All laws, decrees, orders, rules and regulations, or parts thereof, which are inconsistent with the provisions of this Act, are hereby repealed, amended, or modified accordingly.

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

Approved.