



## MEMORANDUM ORDER NO. 2020-02

### DE-ACTIVATION OF THE MASAGANANG SAKAHAN, INC. (MSI)

**WHEREAS**, Masaganang Sakahan, Inc. (MSI) was formed and organized by the Land Bank of the Philippines (LandBank) through the Securities and Exchange Commission (SEC) as a wholly-owned subsidiary and was established in 1974 to acquire, operate, maintain, lease, sell and otherwise dispose of and deal in agricultural equipment and farm machineries, implements and tools, and all other articles pertaining to agriculture and make available the same for farmers and beneficiaries and land reform;

**WHEREAS**, pursuant to Section 5(a) of Republic Act (R.A.) No. 10149 or the "GOCC Governance Act of 2011", the Governance Commission for GOCCs (GCG) has the power to "[e]valuate the performance and determine the relevance of the GOCC, to ascertain whether such GOCC should be reorganized, merged, streamlined, abolished or privatized, in consultation with the department or agency to which a GOCC is attached";

**WHEREAS**, under GCG Memorandum Circular No. 2015-02, a GOCC may be de-activated and thereafter classified as In-Active/Non-Operational whenever it meets any of the grounds for abolition under R.A. No. 10149;

**WHEREAS**, a de-activated GOCC formally ceases to be a going concern and shall have no power or competence to enter any contract or transaction that seeks to pursue its ordinary course of business, and is deemed under evaluation for formal abolition under the provisions of R.A. No. 10149;

**WHEREAS**, in 2017, the GCG recommended to the Office of the President (OP) the abolition of MSI and has determined that: a) MSI's functions, programs, activities and/or projects unnecessarily duplicates or overlaps with other Government Agencies; b) MSI is not producing the desired outcomes, is no longer achieving the objectives and purposes for which it was designed and implemented; and c) MSI's functions and purposes are no longer relevant to the state, no longer consistent with the National Development Policy of the State and its activity is best carried out by the private sector. Further, the GCG has also determined that MSI is not cost efficient and does not generate the level of social, physical and economic returns vis-à-vis the resource inputs;

**WHEREAS**, the Governing Board of LandBank passed Resolution No. 19-659 approving the classification of MSI as "In-Active or Non-Operational"

**WHEREAS**, in accordance with the declared policy of the State that government assets and resources are used efficiently, the GCG has determined that it is in the best interest of the State to deactivate MSI in the interim, pending its formal abolition as recommended by the GCG to the Office of the President.

**NOW, BE IT –**

**RESOLVED**, the **MASAGANANG SAKAHAN, INC. (MSI)** is hereby ordered de-activated;

**RESOLVED FURTHER**, all positions in MSI are considered abolished, *provided*, that the Board of Directors of MSI is authorized to retain a skeletal transition team, with a maximum of three (3) personnel, to undertake residual tasks, such as maintenance of records and assistance in the settlement of legal issues and pending obligations with respect to MSI's contracts and other outstanding accounts.

**RESOLVED FURTHER**, in accordance with GCG Memorandum Circular No. 2015-02, the de-activation of MSI shall have the following legal effects:

- (a) The De-Activated GOCC formally ceases to be a going concern and shall have no power or competence to enter into any contract or transactions, which seeks to pursue its ordinary course of business;
- (b) The Governing Board, if still constituted, shall undertake measures to wind-down the affairs of the GOCC and to preserve its assets to await the final disposition thereof;
- (c) The GOCC shall maintain any personnel it may have to assist in the winding-down of the corporate affairs, and no further hiring of any personnel shall be allowed;
- (d) The GOCC ceases to be entitled to a Corporate Operating Budget (COB), nor avail of the benefits provided for in the GOCC Sector, such as Collective Negotiation Agreement (CNA), Performance-Based Bonus (PBB) and Performance-Based Incentives (PBI);
- (e) The GOCC is deemed under evaluation for formal abolition under the provisions of R.A. No. 10149.

**RESOLVED FURTHER**, the Board of Directors of MSI, in coordination with Land Bank, shall take all proper and necessary steps to protect the interests of the government in connection with the de-activation of MSI, including the preservation of its assets;

**RESOLVED FURTHER**, LandBank and MSI are to coordinate with the Commission on Audit (COA), SEC, and such other agencies as may be necessary, to ensure the smooth implementation of this Order in accordance with existing laws, rules, and regulations;

**RESOLVED FINALLY**, LandBank and MSI shall submit a Final Report to GCG upon completion of the implementation of the deactivation.




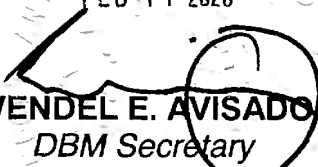
DONE, in the City of Makati, this \_\_\_\_ day of FEB 20 2020 2020.

  
**SAMUEL G. DAGPIN, JR.**  
*Chairman*

  
**MICHAEL P. CLORIBEL**  
*Commissioner*

  
**MARITES C. DORAL**  
*Commissioner*

  
**CARLOS G. DOMINGUEZ**  
*DOF Secretary*

  
**WENDEL E. AVISADO**  
*DBM Secretary*

FEB 11 2020

