



# Localizing the SDGs: A Case Study of Collaborative Models between *BUM Desa* and *Pesantren* in Central Java

ABSTRACT - Achieving the Sustainable Development Goals (SDGs) at the village level requires collaboration across institutions. However, such collaboration is often hindered by differing institutional orientations and interests. Village-Owned Enterprises (BUM Desa), which aim to strengthen the local economy, hold significant potential for strategic partnerships. Unfortunately, cooperation between BUM Desa and other institutions such as Islamic boarding schools (pesantren), remains limited. Pesantren, as socio-religious institutions, have strong community networks and considerable influence. This study explores a collaboration model between BUM Desa and the Modern Islamic Boarding School (PPMI) Assalam in Sukoharjo Regency. It aims to analyze how these institutions, despite their distinct orientations, work together to support SDG implementation. Using a qualitative case study approach, data were gathered through interviews with BUM Desa managers, pesantren leaders, village officials, and community figures, alongside observations and document analysis. Thematic analysis was conducted through data collection, condensation, presentation, and conclusion stages. Findings reveal nine joint initiatives: four in the economic sector, three in the social sector, and two in the environmental sector. The success of this collaboration is driven by five key factors: (1) initial conditions, (2) institutional design, (3) facilitative leadership, (4) collaborative dynamics such as trust, dialogue, and shared understanding, and (5) tangible outcomes aligned with SDG targets. This study integrates collaborative governance, social enterprise, stewardship, and sharia enterprise theories. Practically, it offers guidance for policymakers and local leaders to develop culturally grounded partnerships that connect economic innovation with social and spiritual legitimacy, accelerating SDG achievement at the village level.

ABSTRAK - Mewujudkan SDGs di Tingkat Lokal: Studi Kasus Model Kolaborasi antara BUM Desa dan Pesantren di Jawa Tengah. Pencapaian Tujuan Pembangunan Berkelanjutan (SDGs) di tingkat desa memerlukan kolaborasi antarlembaga. Namun, kolaborasi ini sering terhambat oleh perbedaan orientasi dan kepentingan kelembagaan. Badan Usaha Milik Desa (BUM Desa), yang bertujuan memperkuat ekonomi lokal, memiliki potensi besar untuk membangun kemitraan strategis. Sayangnya, kerja sama antara BUM Desa dan lembaga lain seperti pesantren masih terbatas. Padahal, pesantren sebagai lembaga sosial-keagamaan memiliki jaringan kuat dan pengaruh besar di masyarakat. Penelitian ini mengkaji model kolaborasi antara BUM Desa dan Pondok Pesantren Modern Islam (PPMI) Assalam di Kabupaten Sukoharjo. Tujuannya adalah menganalisis bagaimana kedua lembaga dengan orientasi berbeda dapat bekerja sama dalam mendukung implementasi SDGs. Pendekatan kualitatif dengan metode studi kasus digunakan, dengan pengumpulan data melalui wawancara dengan pengelola BUM Desa. pimpinan pesantren, aparat desa, dan tokoh masyarakat, serta observasi dan analisis dokumen. Analisis tematik dilakukan melalui tahapan pengumpulan, kondensasi, penyajian, dan penarikan kesimpulan. Hasil penelitian menunjukkan sembilan inisiatif bersama: empat di sektor ekonomi, tiga di sektor sosial, dan dua di sektor lingkungan. Keberhasilan kolaborasi ini didorong oleh lima faktor utama: (1) kondisi awal, (2) desain kelembagaan, (3) kepemimpinan fasilitatif, (4) dinamika kolaboratif seperti kepercayaan, dialog, dan pemahaman bersama, dan (5) hasil nyata yang selaras dengan target SDGs. Studi ini menggabungkan teori tata kelola kolaboratif, kewirausahaan sosial, stewardship, dan kewirausahaan syariah. Secara praktis, studi ini memberikan panduan bagi pembuat kebijakan dan pemimpin lokal untuk merancang kemitraan berbasis budaya yang menghubungkan inovasi ekonomi dengan legitimasi sosial dan spiritual dalam percepatan SDGs di tingkat desa.

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#### **INTRODUCTION**

The Indonesian government has adopted the global Sustainable Development Goals (SDGs) as a central framework for national and local development. At the village level, this commitment is embodied in the *SDGs Village* program, which translates global targets into localized initiatives (Yuliana & Alinsari, 2022). The program envisions eight typologies of village development—poverty- and hunger-free villages, inclusive economies, health-conscious communities, environmentally sustainable settlements, education-oriented villages, women-friendly spaces, networked communities, and culturally responsive villages. These typologies align with the three sustainability dimensions of environment, society, and economy, targeted for achievement by 2030 (Dahlmann et al., 2019).

To realize these goals, the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration (Kemendesa PDTT), through Regulation No. 13 of 2020, has prioritized budget allocations to support SDGs Village initiatives. Village-Owned Enterprises (*Badan Usaha Milik Desa—BUM Desa*) have been identified as strategic actors in this process (Wibowo & Hapsari, 2022). Their functions extend beyond generating village income: they provide public services, manage assets, create profit opportunities, and foster digital economic development (Nuraini, 2020). As hybrid institutions, *BUM Desa* are authorized to operate social businesses alongside profit-oriented ventures, including community-based services such as clean water supply, electricity distribution, and food storage (Khan et al., 2021; Nilawati & Harvitrananda, 2021).

With nearly 50,000 units established nationwide, *BUM Desa* have become central to village-level economic independence. Of these, approximately 1,000 are considered advanced, 10,000 developing, and 30,000 still in the pioneering stage. Scaling-up initiatives have therefore been proposed to enhance their performance (Fafurida et al., 2022). Yet, challenges remain: the Financial and Development Supervisory Agency (BPKP) reported that only 75.8% of Indonesia's 66,000 *BUM Desa* were active in 2024, leaving 24.2% inactive (Khaerunnisa, 2024). The causes include limited capital, low productivity, restricted information and market access, insufficient technology use, and weak institutional commitment.

Central Java illustrates these dynamics. By 2024, the province hosted 6,695 *BUM Desa*, distributed across 2,899 basic, 3,827 growing, 483 developing, and 130 advanced units. In Sukoharjo Regency, 145 *BUM Desa* had been established across 150 villages, with classifications ranging from pioneer (37 units) and beginner (61 units) to developing (43 units) and advanced (4 units). These figures highlight both the proliferation and uneven progress of *BUM Desa*. Addressing these challenges requires collaboration with village governments and other local institutions. The governance principles of *BUM Desa* which are cooperative, participatory, emancipatory, transparent, responsible, and sustainable, emphasize the importance of shared decision-making, accountability, and inclusivity (Purnomo, 2016; Widiastuti et al., 2019). This collaborative spirit resonates with Indonesia's long-standing tradition of collective cooperation (*gotong royong*), making partnership a culturally embedded strategy for development.

One promising institutional partner is the Islamic boarding school (pondok pesantren). Traditionally focused on socio-religious education, pesantren have expanded their role in

community development, supported by their growing numbers and resources. In 2019, there were 25,938 *pesantren* with nearly 3.9 million students across Indonesia (Zaki et al., 2022). Many already manage internal business units to support operational sustainability, while others are beginning to explore partnerships with external actors. Collaboration with *BUM Desa* presents opportunities to strengthen local economies, promote entrepreneurship, and advance SDG targets (Saputro & Sukiman, 2024; Supeno, 2019; Irvan & Rohim, 2021).

Although *pesantren* are not primarily economic institutions, their internal businesses have become vital for financial independence and long-term sustainability. Several studies have shown that *pesantren*-based enterprises can reflect local needs, foster innovation, and maintain continuity between community and economy (Zaki et al., 2022; Irvan & Rohim, 2021; Fafurida et al., 2022). Yet research on direct collaboration between *pesantren* and *BUM Desa* remains limited. This is particularly relevant in contexts such as Pabelan Village, Sukoharjo, where the *Pondok Pesantren Modern Islam* (PPMI) Assalaam operates alongside a local *BUM Desa*. Both institutions hold substantial human, technological, and network resources, offering a unique opportunity for synergy (Fauzanafi & Hudayana, 2020).

This study draws upon the concept of collaborative governance. Ansell and Gash (2008) argue that successful cross-sector collaboration requires favorable starting conditions, inclusive institutional design, facilitative leadership, and an iterative process of joint problem-solving. Without these, collaboration risks becoming symbolic rather than transformative. Applying this framework to the Pabelan context highlights the strategic potential of partnerships between *BUM Desa* and *pesantren* in advancing SDGs. The novelty of this study lies in its focus on cross-sector collaboration between economic and religious institutions at the village level. By integrating local cultural values and spiritual resources into development practice, it offers a fresh perspective on rural sustainability. This contribution not only enriches theoretical debates on collaborative governance but also provides practical insights into how village-based institutions can strengthen the achievement of global development goals.

#### LITERATURE REVIEW

#### **Stewardship Theory and Village Governance**

Stewardship theory emphasizes that managers act not merely for personal interests but for the collective benefit of the organization (Donaldson & Davis, as cited in Jawa et al., 2024). The theory rests on philosophical assumptions of human nature, assuming that individuals are fundamentally trustworthy, responsible, and oriented toward integrity and honesty. In this framework, managers are expected to align their goals with those of the principal, though the theory remains less explicit about how principals communicate their objectives (Chrisman, 2019).

Applied to the village context, stewardship theory highlights the role of the village government in overseeing Village-Owned Enterprises (*BUM Desa*). As stewards, village officials are entrusted to pursue community welfare by mobilizing their capabilities in line with public mandates. When divergences arise between steward and principal interests, stewards are assumed to prefer collaboration over resistance, guided by rational considerations of

organizational success. This model therefore frames village governments as actors capable of translating community aspirations into collective benefits through the governance of *BUM Desa*.

# Social Enterprise and Sharia Enterprise Perspectives

Social enterprises are distinct from conventional businesses in that they prioritize creating social value through economic activity, often in partnership with community actors (Hulgård, 2010). While they do aim for financial sustainability, their core mission is dual: generating profit while delivering meaningful social impact (Aulia et al., 2020). These organizations are characterized by their commitment to maximizing social value, their frequent reliance on volunteer support, and their use of complex, non-financial performance metrics (Certo & Miller, 2008). What truly sets social enterprises apart is their ability to connect innovation with the real needs of communities. In doing so, they not only tackle urgent issues like poverty but also embed principles of social and environmental accountability into their operations (Christian, 2021; Ridley-Duff & Southcombe, 2012).

This orientation resonates with stewardship theory, as both prioritize collective over individual interests. *BUM Desa* can therefore be conceptualized as social enterprises, functioning not only as profit-generating units but also as vehicles for social benefits within local communities. Sharia enterprise theory extends this logic by embedding Islamic values into economic governance. Rooted in principles of justice and shared responsibility, it seeks equitable resource management for collective welfare (Chapra, 1992). Triyuwono (2012) argues that sharia enterprise theory shifts economic power from shareholders alone to a broader network of stakeholders, aligning with the inclusive and plural nature of Indonesian society. For *pesantren*, this framework legitimizes the integration of spiritual values into economic activities, positioning them as distinctive partners in community development initiatives.

## **Collaborative Governance and Agency Considerations**

Collaboration has become a defining feature of modern governance. Ansell and Gash (2008) describe collaborative governance as a structured interaction between public agencies and non-state stakeholders in deliberative, consensus-oriented processes aimed at policy formulation or program implementation. Their model identifies four critical components: starting conditions, institutional design, facilitative leadership, and iterative collaboration processes. Each of these elements shapes how trust, inclusivity, and procedural legitimacy can support durable partnerships.

In the context of collaboration between *pesantren* and *BUM Desa*, several key principles come into play. These include starting conditions, which often involve asymmetries in resources and objectives, and institutional design, which requires clear rules and transparent processes. Successful collaboration also depends on facilitative leadership to guide interactions and ensure balanced decision-making. According to Ansell and Gash (2008), collaboration typically unfolds through three stages: problem setting, direction setting, and implementation.

However, collaboration is not without its challenges, particularly when it comes to motivation. Agency theory (Jensen & Meckling, 1976) highlights the potential for conflict when principals and agents pursue different goals. In practice, *BUM Desa* may focus on financial returns, while

pesantren are more likely to prioritize social and educational missions. Firmanzah (2007) argues that collaboration is most effective when institutions share aligned objectives. Yet, as Davis et al. (1997) point out, motivations are rarely singular. Partnerships often shift between transactional (economic) and stewardship-driven (social) orientations. This tension between financial and social goals underscores the importance of studying real-world examples such as the collaboration between *Pesantren* Assalaam in Sukoharjo and *BUM Desa*, to better understand how these dual motivations play out in practice.

#### **METHODOLOGY**

## **Research Design**

This study adopts a descriptive qualitative design with a single case study approach. A case study was selected because it enables in-depth exploration of contemporary phenomena within their real-life context, particularly when the boundaries between the phenomenon and its context are blurred (Yin, 2018). The focus of this research is the collaborative relationship between *Badan Usaha Milik Desa* (*BUM Desa*) Paramaa Jaya and *Pondok Pesantren Modern Islam* (PPMI) Assalaam in Pabelan Village, Kartasura District, Sukoharjo Regency, Central Java. This design allows for detailed observation of actors, interactions, and governance practices involved in collaboration at the village level (Ibrahim, 2023). The study site was chosen purposively based on two considerations:

- 1. Strategic relevance Pabelan Village hosts both a functioning *BUM Desa* and a large modern Islamic boarding school, creating opportunities for institutional collaboration.
- 2. Representativeness The case reflects broader national dynamics in Indonesia, where *pesantren* and *BUM Desa* increasingly coexist as village-level actors in sustainable development.

The research was carried out from January to May 2025 at two primary institutions: *BUM Desa* Paramaa Jaya and PPMI Assalaam, both located in Pabelan Village.

## **Data Collection**

Data for this study were collected from multiple sources to ensure triangulation and enhance the validity of findings. Primary data were obtained through in-depth interviews with key informants, including managers of *BUM Desa*, leaders of *pesantren*, village government officials, and representatives of the local community. These participants were purposively selected based on their direct involvement in or knowledge of collaborative practices between *BUM Desa* and *pesantren*. Additionally, direct observations were conducted during institutional activities, meetings, and community interactions relevant to the collaboration. Secondary data were gathered from institutional documents such as organizational profiles, annual reports, financial statements, regulatory frameworks, and policy guidelines related to the operations of *BUM Desa* and *pesantren*.

The data collection process was carried out in three stages. The first stage involved pre-field preparation, including obtaining formal permissions from institutional leaders and identifying key informants. The second stage consisted of fieldwork, which included face-to-face semi-

structured interviews, guided observations, and the collection of documentary evidence. All interviews were audio-recorded with the participants' consent and transcribed verbatim for analysis. The final stage involved post-field validation, where preliminary findings were presented to selected informants to verify accuracy and strengthen the credibility of the results.

## **Data Analysis**

The data analysis process in this study followed the interactive model proposed by Miles et al. (2015), which emphasizes an iterative approach between data collection and interpretation. The analysis was conducted in three main stages. First, data condensation involved selecting, focusing, abstracting, and simplifying the raw data, including interview transcripts, observation notes, and institutional documents. This step helped distill the most relevant information for further analysis. Second, data display was carried out by organizing the condensed data into thematic matrices, diagrams, and narrative summaries to facilitate pattern recognition and interpretation. Finally, conclusion drawing and verification entailed identifying key patterns related to collaboration, governance practices, and tensions among actors, followed by iterative checks to ensure that the findings were consistent with the original data.

To enhance the trustworthiness and credibility of the study, several methodological strategies were employed. These included triangulation of data sources (interviews, observations, and documents) to cross-validate findings. Member checking was conducted by sharing emerging interpretations with selected informants to confirm accuracy. Prolonged engagement at the field site allowed the researcher to build trust with participants and capture nuanced practices. Additionally, thick description of the research context was provided to support the transferability of findings to similar settings.

#### RESULTS AND DISCUSSION

This study explored the collaborative model between the Village-Owned Enterprise (*BUM Desa*) Paramaa Jaya and the Modern Islamic Boarding School (*PPMI* Assalaam) in Pabelan Village, Sukoharjo, focusing on their joint contribution to achieving the Sustainable Development Goals (Village SDGs). The findings are analyzed through the lens of the Collaborative Governance framework developed by Ansell and Gash (2008), which highlights the interplay between starting conditions, institutional design, facilitative leadership, and collaborative processes.

## **Starting Conditions**

The collaboration between *BUM Desa* and PPMI Assalaam is rooted in strong historical and cultural ties between the *pesantren* and the local community. Shared moral values, a long-standing social relationship, and mutual concern for community welfare created favorable starting conditions for cooperation. These relational foundations constitute a form of social capital that not only facilitates trust but also legitimizes the *pesantren's* role as a community partner.

In line with stewardship theory (Jawa et al., 2024; Chrisman, 2019), the *pesantren* and village government actors have approached collaboration not merely as transactional engagement but as a shared responsibility for community welfare. This moral grounding explains why actors have been willing to share resources and coordinate across institutional boundaries. The initial trust

embedded in these relationships has lowered transaction costs and reduced the likelihood of conflict, which Ansell and Gash (2008) identify as a critical factor in effective collaboration.

## **Institutional Design**

The formal structures governing *BUM Desa*, alongside the autonomous nature of *pesantren*, provide the institutional flexibility required for collaboration. *BUM Desa* operates under ministerial regulations that emphasize accountability and transparency, while *pesantren* retain a self-governing organizational model based on religious and educational missions. This dual structure enables creative experimentation in joint projects but also generates challenges related to governance styles and decision-making cultures.

Differences in organizational orientation, *BUM Desa* as an economic entity and *pesantren* as a socio-religious institution, require inclusive, transparent, and participatory institutional design to harmonize goals. This resonates with social enterprise theory (Hulgård, 2010; Certo & Miller, 2008), which emphasizes balancing profit with social value creation. Institutional adjustments, such as joint committees and regular coordination forums, have been introduced to bridge structural differences. These arrangements illustrate how collaborative governance requires adaptive rules that accommodate divergent institutional logics while preserving procedural legitimacy (Ansell & Gash, 2008).

# **Facilitative Leadership**

Leadership emerged as a pivotal element in sustaining the partnership (Battal & Ibrahim, 2023). Leaders from both *BUM Desa* and PPMI Assalaam acted as mediators who bridged organizational interests, fostered mutual understanding, and articulated a shared vision of community welfare. Their leadership style was characterized by value-based principles and servant leadership, reflecting Islamic values of cooperation and care.

Such leadership aligns with the collaborative governance principle of facilitative leadership, which emphasizes the role of trusted figures in managing asymmetries between partners and maintaining commitment to collective goals (Ansell & Gash, 2008). In this case, *pesantren* leaders provided moral legitimacy, while *BUM Desa* managers contributed technical and economic expertise. Together, they created a balanced leadership dynamic that enabled cooperation to move beyond rhetoric into tangible outcomes.

#### **Collaborative Process**

The process dimension of collaboration has been shaped by open dialogue, mutual deliberation (*musyawarah*), and adherence to Islamic values of fairness and solidarity (Kamri et al., 2014). These practices fostered an egalitarian spirit and minimized hierarchical barriers between institutions. Continuous face-to-face interactions not only strengthened trust but also allowed both parties to adjust expectations and strategies over time.

This dynamic supports the collaborative governance model, which stresses the importance of iterative processes in building shared understanding and joint problem-solving (Ansell & Gash, 2008). Moreover, by embedding Islamic values into deliberation, the collaboration demonstrates

how local culture and spirituality can reinforce modern governance practices, thereby enhancing sustainability.

#### Collaborative Activities and Their SDG Contributions

The partnership between *BUM Desa* Paramaa Jaya and PPMI Assalaam has materialized in nine joint initiatives spanning economic, social, and environmental domains:

- 1. Economic initiatives:
  - a. Urban farming and communal hydroponics
  - b. Catfish aquaculture
  - c. Layer chicken farming
  - d. Production and distribution of local processed foods (UMKM)
- 2. Social initiatives:
  - a. Free medical services
  - b. Free ambulance service
  - c. Educational programs
- 3. Environmental initiatives:
  - a. Waste management
  - b. Environmental greening (reforestation)

These initiatives contribute directly to several Village SDGs, including poverty reduction, improved health access, local food security, education, and environmental conservation. The economic ventures enhance village self-reliance and diversify income sources, while the social and environmental projects address community welfare and sustainability.

Importantly, the collaboration reflects the dual mission described in both social enterprise and sharia enterprise theories (Chapra, 1992; Triyuwono, 2012). Profit-making activities are pursued alongside social services, guided by Islamic values of justice and communal welfare. This integration allows the partnership to align economic innovation with moral legitimacy, ensuring broader community acceptance and impact.

## **Analytical Reflection**

The findings suggest that collaboration between *BUM Desa* and *pesantren* is neither purely transactional nor entirely altruistic. Instead, it represents a hybrid model shaped by both agency dynamics and stewardship values (Jensen & Meckling, 1976; Davis et al., 1997). Economic activities are designed to generate revenue but are embedded in social and religious commitments that prioritize community welfare. This dualism of motivation illustrates how local institutions adapt global development frameworks (SDGs) to their own cultural and spiritual contexts. Furthermore, the collaboration in Pabelan offers a compelling example of how adaptive governance can help align differing institutional logics. At its core, the partnership blends state-regulated economic mechanisms with community-based religious authority, creating a distinctive model for implementing the Sustainable Development Goals (SDGs) at the local level. This fusion of formal and informal systems not only enhances operational effectiveness but also builds cultural legitimacy and moral trust, two elements essential for sustainable

development in rural Indonesia. Ultimately, the Pabelan case reinforces the idea that economic innovation must be grounded in local values and social cohesion to truly succeed.

The findings build upon and extend earlier research in three important ways. First, Zaki et al. (2022) highlight the economic role of *pesantren* through community-based cooperation, but their analysis remains limited to intra-pesantren networks. The Pabelan case advances this discussion by demonstrating how pesantren extend their cooperation to village-level institutions, creating cross-sector partnerships that integrate spiritual legitimacy with economic innovation. Second, Irvan and Rohim (2021) examined the internal management of pesantren business units, emphasizing challenges of financial sustainability and institutional independence. By contrast, this study shows how collaboration with BUM Desa mitigates these challenges by providing complementary resources, access to markets, and shared governance mechanisms. This indicates that pesantren economic independence can be strengthened not only through internal management but also through external partnerships. Third, Fafurida et al. (2022) proposed a general model for scaling up BUM Desa but did not explore the role of non-economic partners. The present findings suggest that collaboration with *pesantren* offers a unique scaling strategy, where religious legitimacy, community trust, and moral authority enhance the acceptance and sustainability of BUM Desa initiatives. Thus, the Pabelan case contributes a novel dimension to BUM Desa scale-up models by embedding them in cultural and spiritual ecosystems.

#### **CONCLUSION**

This study demonstrates that collaboration between economic institutions (BUM Desa) and religious institutions (Islamic boarding schools or pondok pesantren) serves as an effective strategy for fostering inclusive and sustainable rural development. The findings confirm the relevance of the Collaborative Governance framework, particularly the importance of trust, shared values, and facilitative leadership in sustaining partnerships. They also align with Social Enterprise Theory, which underscores the integration of social value in economic activities, as well as Stewardship Theory, which views organizational actors as stewards serving collective interests. Furthermore, the collaboration reflects Sharia Enterprise Theory, demonstrating how spiritual values and social justice can be embedded into governance and business practices.

Theoretically, this study contributes to the discourse on community-based governance by integrating Collaborative Governance, Social Enterprise, Stewardship, and Sharia Enterprise theories into a unified framework. This integration demonstrates how economic and religious institutions can work together to generate social, economic, and environmental value. Practically, the findings offer actionable insights for policymakers, village governments, and *pesantren* leaders on designing and sustaining cross-sector partnerships. These include fostering trust and social capital as foundational conditions, ensuring inclusive and transparent institutional design, cultivating facilitative leadership, and embedding local cultural and spiritual values into collaborative processes. Such strategies not only strengthen the governance of BUM Desa but also elevate the role of *pesantren* as agents of socio-economic transformation, providing a culturally grounded pathway for accelerating the achievement of the Sustainable Development Goals (SDGs) in rural Indonesia.

Despite these contributions, the study is limited by its single-case design, which restricts the generalizability of findings across different contexts. Future research could employ comparative case studies across multiple regions to identify variations in collaborative dynamics and outcomes. Longitudinal studies would also help to assess the sustainability of these partnerships over time. In addition, exploring the perspectives of other stakeholders such as women, youth groups, or local businesses, could enrich the understanding of inclusivity in collaborative governance. Such extensions would provide a more comprehensive view of how religious and economic institutions can jointly advance sustainable rural development.

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