

<b>Country/entity</b>	Philippines Mindanao
<b>Region</b>	Asia and Pacific
<b>Agreement name</b>	Annex on Revenue Generation and Wealth-sharing to the Framework Agreement on the Bangsamoro (FAB)
<b>Date</b>	13 Jul 2013
<b>Agreement status</b>	Multiparty signed/agreed
<b>Interim arrangement</b>	Yes

**Agreement/conflict level** Intrastate/intrastate conflict

### **Philippine Insurgencies (1968 - )**

The Maoist Insurgencies (1968 - )

Philippines-NDF

The Philippines have been defined by a series of center-periphery and often ideologically Maoist, separatist insurgencies. The Communist Party of the Philippines (CPP), began its war against the central Philippine government in 1968 through their armed wing – the New People’s Army (NPA). Further legitimacy was gained through the establishment of the National Democratic Front (NDF) in 1973. Grievances were predominantly opposed to the corruption and repression under the authoritarian Marcos regime.

Philippines-Cordillera

With the overthrow of Marcos’ regime in 1986, the CPP factionalized further to take on more localized characteristics. The Cordillera Peoples Liberation Army (CPLA) broke away from the NDF in 1986 to focus on the protection of the Cordilleran people and land in northern Luzon. Hostilities were formally ended in July 2011, with an agreement signed between the central government, the CPLA and the Cordillera Bodong Administration (CBA) that allowed for the absorption of CPLA fighters into the Philippine Army and the re-working of the CBA-CPLA into a socio-development organisation.

Philippines-RPM-P

Meanwhile, purge among the CPP in the early 1990s, encouraged the formation of a parallel party, the Revolutionary Workers Party (RPM-P). Their armed wing, the Alex Boncayao Brigade (ABB) which had carried out a number of assassinations during the 1980s at the bequest of the CPP, followed suit and allied themselves with the RPM-P in 1997 forming the (RPM-P-RPA-ABB). Severely weakened by the split with the CPP and with the arrest of several key figures, the RPM-P-RPA-ABB signed a peace agreement in December 2000, which encouraged the RPM-P’s branch in Mindanao to break away in 2001.

The CPP-NPA has only participated in intermittent talks with the government. Talks halted in 2004 when Gloria Macapagal-Arroyo’s administration sought closer ties with the U.S. in the war on terror and added the CPP-NPA to the list of terrorist organisations, renewing violence. Following the launch of a counter-insurgency by the Philippine government, negotiations have been further delayed due to suspected internal differences between the CPP ‘old guard’ and younger members.

The Moro Insurgency (1968 - )

Philippines-Mindanao

The Moro Insurgency began in 1968, in Mindanao and the Sulu archipelago after the killing of Moro Commandos, the so-called Jabidah Massacre, by the Philippine Army following a plot to invade Sabah province in Malaysia. The Moro National Liberation Front (MNLF) captured a swath of territory in the mid-1970s. In an attempt to stem the violence, the constitution was reformed and Autonomous Region in Muslim Mindanao (ARMM) was created 1990 granting a devolution of power to the provinces of Lanao del Sur, Maguindanao, Sulu and Tawi-Tawi. Following the establishment of the ARMM, the MNLF splintered into a range of smaller groups including Islamic factions such as the

<b>Stage</b>	Framework/substantive - partial
<b>Conflict nature</b>	Government/territory
<b>Peace process</b>	Philippines - Mindanao process
<b>Parties</b>	For the GPH: Prof. Miriam Coronel-Ferrer, GPH Panel Chair; For the MILF: Mr. Mohagher Iqbal, MILF Panel Chair
<b>Third parties</b>	Tengku Dato' Ab Ghafar Tengku Mohamed, Representative of Malaysian Facilitator
<b>Description</b>	Annex on Wealth Sharing that forms part of the Framework Agreement between the Government of the Philippines (GPH) and the Moro Islamic Liberation Front (MILF), outlining and elaborating additional details regarding revenue generation and wealth sharing.

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**Agreement document** [PH\\_130713\\_Annex on Wealth Sharing to FAB.pdf \(opens in new tab\)](#) | [Download PDF](#)

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#### Groups

<b>Children/youth</b>	No specific mention.
<b>Disabled persons</b>	No specific mention.
<b>Elderly/age</b>	No specific mention.
<b>Migrant workers</b>	No specific mention.
<b>Racial/ethnic/ national group</b>	No specific mention.
<b>Religious groups</b>	No specific mention.
<b>Indigenous people</b>	No specific mention.
<b>Other groups</b>	No specific mention.
<b>Refugees/displaced persons</b>	No specific mention.
<b>Social class</b>	No specific mention.

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## Gender

<b>Women, girls and gender</b>	Page 7, XII. Gender and Development In the utilization of public funds, the Bangsamoro shall ensure that the needs of women and men are adequately addressed. For this purpose, the Bangsamoro shall set aside at least 5% of the official development funds that it receives for support programs and activities for women in accordance with a gender and development plan.
<b>Men and boys</b>	Gender→Men and boys→Gender neutral wording Page 7, XII. Gender and Development In the utilization of public funds, the Bangsamoro shall ensure that the needs of women and men are adequately addressed. For this purpose, the Bangsamoro shall set aside at least 5% of the official development funds that it receives for support programs and activities for women in accordance with a gender and development plan.
<b>LGBTI</b>	No specific mention.
<b>Family</b>	No specific mention.

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## State definition

<b>Nature of state (general)</b>	No specific mention.
<b>State configuration</b>	No specific mention.
<b>Self determination</b>	No specific mention.
<b>Referendum</b>	No specific mention.
<b>State symbols</b>	No specific mention.
<b>Independence/ secession</b>	No specific mention.
<b>Accession/ unification</b>	No specific mention.
<b>Border delimitation</b>	No specific mention.
<b>Cross-border provision</b>	No specific mention.

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**Governance**

**Political institutions (new or reformed)**

Governance→Political institutions (new or reformed)→General references

Pg. 2, I. Taxation, A. Taxing Powers

1. All taxing powers already devolved to the ARMM by R.A. No. 9054 and other legislations shall be exercised by the Bangsamoro.

Pg. 2, I. Taxation, A. Taxing Powers

2. Where all taxable elements are within the Bangsamoro, capital gains tax, documentary stamp tax, donor's tax and estate tax, shall be levied by the Bangsamoro and not by the national Bureau of Internal Revenue (BIR), and the same shall be provided in the Basic Law. Where all taxable elements are not situated entirely within the Bangsamoro, the intergovernmental fiscal policy board shall address problems relating to implementation. Copies of the returns on the said taxable elements shall be provided to the national BIR for purposes of implementing number 3 below.

Pg. 2, I. Taxation, A. Taxing Powers

3. Revenues from the additional taxes beyond those already devolved to the ARMM and the Bangsamoro share in revenues derived from exploration, development and utilization of natural resources will be deducted from the amount comprising the annual block grant. This is without prejudice to the just share of the Bangsamoro's constituent local government units in the national taxes. These deductions shall be suspended for four years from the full operation of the Bangsamoro.

Pg. 2, I. Taxation, A. Taxing Powers

4. Central Government taxes, fees and charges collected in the Bangsamoro, other than tariff and customs duties, shall be shared as follows: a. Twenty five (25%) percent to the Central Government; b. Seventy five (75%) percent to the Bangsamoro, including the shares of the local government units. The Bangsamoro Basic Law may provide that the twenty-five percent (25%) due to the Central Government will be remitted to the Bangsamoro for a limited period of time.

Pg. 2, I. Taxation, A. Taxing Powers

5. To encourage investments and other economic activities, the Bangsamoro Government shall have the power to grant tax exemptions, rebates, tax holidays and other incentives with reference to Part C below. The Bangsamoro may also opt instead to impose a flat rate lump sum tax on small and medium enterprises.

Pg. 3, 6. The Bangsamoro shall have the power to establish offices for the purpose of assessing and collecting the taxes mentioned herein.

Page 3, 7. The Central Government shall extend assistance to the Bangsamoro Government in the matter of tax administration and fiscal management. This assistance shall include capacity building and training programs.

Page 3, I. Taxation, B. - In enacting revenue-raising measures, the Bangsamoro shall observe the principles of uniformity and equity in taxation and shall not impose confiscatory taxes or fees of any kind.

Page 3, I. Taxation, C. - All powers over taxes and revenue generation already granted to the ARMM under the Republic Act No. 9054 and other legislations and issuances, including those powers and functions devolved to the ARMM Regional Board of Investments, shall be transferred to the Bangsamoro.

Pg. 4, II. Other Sources of Revenue

F. The Bangsamoro may receive grants derived from economic agreements entered into or authorized by the Bangsamoro Assembly (donations, endowments, and other forms

**Elections** No specific mention.

**Electoral commission** No specific mention.

**Political parties reform** No specific mention.

**Civil society** No specific mention.

**Traditional/religious leaders** No specific mention.

**Public  
administration**

No specific mention.



## Constitution

Governance→Constitution→Constitutional reform/making

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Page 3, I. Taxation

C. All powers over taxes and revenue generation already granted to the ARMM under the Republic Act No. 9054 and other legislations and issuances, including those powers and functions devolved to the ARMM Regional Board of Investments, shall be transferred to the Bangsamoro.

Pg. 3, II. Other Sources of Revenue

D. The Bangsamoro Government shall be represented in the board of directors or in the policy-making bodies of government-owned or controlled corporations that operate a substantial portion of their businesses directly or through their subsidiaries in the Bangsamoro or where the Bangsamoro has substantial interest. The manner of such representation shall be determined in the Basic Law.

Pg. 4, III. Fees and Charges

The Bangsamoro will have the power to levy fees and charges pursuant to the powers and functions that it shall exercise in accordance with the list of concurrent and exclusive powers in the Annex on Power-Sharing, including powers already granted under Republic Act No. 9054 and other legislations.

Page 4, V. Fund Transfers from Central Government

A. The Central Government shall provide a block grant to the Bangsamoro. The Bangsamoro block grant shall be based on a formula provided in the Bangsamoro Basic Law which in no case shall be less than the last budget received by the ARMM immediately before the establishment of the Bangsamoro Transition Authority. The Basic Law shall also provide a system of automatic appropriation for and regular release of the block grant. The formula shall be subject to review by the Central Government and the Bangsamoro Government after ten (10) years, on the basis of need and actual revenues generated.

Pg. 5, V. Fund Transfers from Central Government

B. The Central Government shall also provide for a Special Development Fund to the Bangsamoro for rehabilitation and development purposes upon the ratification of the Bangsamoro Basic Law. The amount of the Fund that shall be proposed by the Transition

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**Power sharing****Political power sharing**

Power sharing→Political power sharing→Other State level

Pg. 7, X. Intergovernmental Fiscal Policy Board

The intergovernmental fiscal policy board shall be composed of the heads and/or representatives of the appropriate ministries and offices in the Bangsamoro Government. The Central Government shall likewise be represented in the Board until full fiscal autonomy is achieved. The board may create a secretariat and sub-committees as it may deem necessary. To address revenue imbalances and fluctuations in regional financial needs and revenue-raising capacity of the Bangsamoro, the Board shall undertake periodic review of the taxing powers, tax base and rates of the Bangsamoro Government, wealth sharing arrangements, sources of revenues, vis-a-vis the development needs of the Bangsamoro. An annual report shall be submitted by the body to the Central Government and the Bangsamoro Government.

Page 7, XI. Bangsamoro Development Plan

The Bangsamoro shall formulate its development plans, consistent with national development goals but recognizing their unique needs and aspirations. Towards this end, the Bangsamoro may participate in national development planning. The plan shall also consider the revenue generation efforts needed for the post-conflict rehabilitation, reconstruction, and development in the region.

**Territorial power sharing**

Power sharing→Territorial power sharing→Autonomous regions

Summary: Agreement provides for wealth-sharing between Bangosmor and Philippines, see economic power-sharing

**Economic power sharing**

Power sharing→Economic power sharing→Sharing of resources

Pg. 1, 1. This Annex on Wealth Sharing forms part of the Framework Agreement between the Government of the Philippines (GPH) and the Moro Islamic Liberation Front (MILF) and outlines and elaborates additional details regarding revenue generation and wealth sharing.

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Pg. 1, 2. The Parties acknowledge that wealth creation (or revenue creation and sourcing) is important for the operation of the Bangsamoro, considering that the Bangsamoro territory is among the most underdeveloped in the Philippines due to the decades-long conflict. Moreover, the existing tax base therein is very limited. There is a need to bridge the financial gap between the Bangsamoro's prospective needs and the revenues being created therein. In this way, the Bangsamoro can catch up with the more progressive areas of the country.

Page 1, 3. The Parties commit to jointly pursue measures to increase the Bangsamoro's revenue generation and wealth creation capacity. The Central Government shall devolve powers to create sources of revenues and to levy taxes, fees and charges for the Bangsamoro Government to attain the highest form of fiscal autonomy. The power of the Bangsamoro to create its sources of revenues and to levy taxes, fees and charges shall be guided by the principles of devolution of powers, equalization, equity, accountability, administrative simplicity, harmonization, economic efficiency and fiscal autonomy.

Pg. 2, I. Taxation, A. Taxing Powers

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2. Where all taxable elements are within the Bangsamoro, capital gains tax, documentary stamp tax, donor's tax and estate tax, shall be levied by the Bangsamoro and not by the national Bureau of Internal Revenue (BIR), and the same shall be provided in the Basic Law. Where all taxable elements are not situated entirely within the Bangsamoro, the intergovernmental fiscal policy board shall address problems relating to implementation. Copies of the returns on the said taxable elements shall be provided to the national BIR for purposes of implementing number 3 below.

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3. Revenues from the additional taxes beyond those already devolved to the ARMM and the Bangsamoro share in revenues derived from exploration, development and utilization of natural resources will be deducted from the amount comprising the annual block grant. This is without prejudice to the just share of the Bangsamoro's constituent local government units in the national taxes. These deductions shall be suspended for four years from the full operation of the Bangsamoro.

**Military power sharing** No specific mention.

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### **Human rights and equality**

**Human rights/RoL general** No specific mention.

**Bill of rights/similar** No specific mention.

**Treaty incorporation** No specific mention.

**Civil and political rights** No specific mention.

**Socio-economic rights** No specific mention.

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### **Rights related issues**

**Citizenship** No specific mention.

**Democracy** No specific mention.

**Detention procedures** No specific mention.

**Media and communication** No specific mention.

**Mobility/access** No specific mention.

**Protection measures** No specific mention.

**Other** No specific mention.

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## **Rights institutions**

**NHRI** No specific mention.

**Regional or international human rights institutions** No specific mention.

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## **Justice sector reform**

**Criminal justice and emergency law** No specific mention.

**State of emergency provisions** No specific mention.

**Judiciary and courts** No specific mention.

**Prisons and detention** No specific mention.

**Traditional Laws** No specific mention.

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**Socio-economic reconstruction**

**Development or socio-economic reconstruction**

Socio-economic reconstruction→Development or socio-economic reconstruction→Socio-economic development

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Pg. 2, I. Taxation, A. Taxing Powers

5. To encourage investments and other economic activities, the Bangsamoro Government shall have the power to grant tax exemptions, rebates, tax holidays and other incentives with reference to Part C below. The Bangsamoro may also opt instead to impose a flat rate lump sum tax on small and medium enterprises.

Page 3, 7. The Central Government shall extend assistance to the Bangsamoro Government in the matter of tax administration and fiscal management. This assistance shall include capacity building and training programs.

Page 3, I. Taxation

B. In enacting revenue-raising measures, the Bangsamoro shall observe the principles of uniformity and equity in taxation and shall not impose confiscatory taxes or fees of any kind.

Page 3, I. Taxation

C. All powers over taxes and revenue generation already granted to the ARMM under the Republic Act No. 9054 and other legislations and issuances, including those powers and functions devolved to the ARMM Regional Board of Investments, shall be transferred to the Bangsamoro.

Pg. 3, II. Other Sources of Revenue

A. Government income derived from the operations of Bangsamoro government-owned and controlled corporations, financial institutions, economic zones, and free ports

**National economic plan**

Pg. 1, 2. The Parties acknowledge that wealth creation (or revenue creation and sourcing) is important for the operation of the Bangsamoro, considering that the Bangsamoro territory is among the most underdeveloped in the Philippines due to the decades-long conflict. Moreover, the existing tax base therein is very limited. There is a need to bridge the financial gap between the Bangsamoro's prospective needs and the revenues being created therein. In this way, the Bangsamoro can catch up with the more progressive areas of the country.

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Page 7, XI. Bangsamoro Development Plan

The Bangsamoro shall formulate its development plans, consistent with national development goals but recognizing their unique needs and aspirations. Towards this end, the Bangsamoro may participate in national development planning. The plan shall also consider the revenue generation efforts needed for the post-conflict rehabilitation, reconstruction, and development in the region.

**Natural resources**

Pg. 2, I. Taxation, A. Taxing Powers

3. Revenues from the additional taxes beyond those already devolved to the ARMM and the Bangsamoro share in revenues derived from exploration, development and utilization of natural resources will be deducted from the amount comprising the annual block grant. This is without prejudice to the just share of the Bangsamoro's constituent local government units in the national taxes. These deductions shall be suspended for four years from the full operation of the Bangsamoro.

Pg. 6, VII. Natural Resources

Government income derived from the exploration, development and utilization of all natural resources within the Bangsamoro shall be allocated as follows:

1. With respect to non-metallic minerals (sand, gravel, and quarry resources) within the Bangsamoro, such revenues shall pertain to the Bangsamoro and its local government units.

Pg. 6, VII. Natural Resources

2. With respect to metallic minerals within the Bangsamoro, seventy five percent (75%) of such revenues shall pertain to the Bangsamoro.

Pg. 6, VII. Natural Resources

3. With respect to fossil fuels (petroleum, natural gas, and coal) and uranium, the same shall be shared equally between the Central and Bangsamoro governments. Both Parties shall endeavour to provide for a review mechanism in the Basic Law with regard to this sharing arrangement. The shares of the Bangsamoro above shall include those for its constituent local government units, as shall be provided by law.



**International funds** Pg. 4, II. Other Sources of Revenue

F. The Bangsamoro may receive grants derived from economic agreements entered into or authorized by the Bangsamoro Assembly (donations, endowments, and other forms of aid), subject to the reserved powers of the Central Government over foreign affairs.

Page 5, VI. Contracting of Loans and Overseas Development Assistance (ODA) - [...] Overseas Development Assistance (ODA) shall be availed of by the Bangsamoro to achieve inclusive growth and poverty reduction, particularly through the implementation of priority development projects for the attainment of the Millennium Development Goals. In pursuit of its development goals, the Bangsamoro may enter into build-operate-transfer type arrangements under public-private partnerships for the financing, construction, operation and maintenance of any financially viable infrastructure facilities. These arrangements may likewise be supported by foreign or domestic loans, in accordance with the relevant law. The Bangsamoro may borrow from government financial institutions when its needs to finance its development needs.

**Business**

Pg. 2, I. Taxation, A. Taxing Powers

5. To encourage investments and other economic activities, the Bangsamoro Government shall have the power to grant tax exemptions, rebates, tax holidays and other incentives with reference to Part C below. The Bangsamoro may also opt instead to impose a flat rate lump sum tax on small and medium enterprises.

Pg. 3, II. Other Sources of Revenue

A. Government income derived from the operations of Bangsamoro government-owned and -controlled corporations, financial institutions, economic zones, and free ports operating therein, shall go to the Bangsamoro Government.

Pg. 3, II. Other Sources of Revenue

B. The Bangsamoro shall have authority and control over existing government-owned and controlled corporations and financial institutions operating exclusively in the Bangsamoro territory, after determination by the intergovernmental fiscal policy board of its feasibility.

Pg. 3, II. Other Sources of Revenue

D. The Bangsamoro Government shall be represented in the board of directors or in the policy-making bodies of government-owned or controlled corporations that operate a substantial portion of their businesses directly or through their subsidiaries in the Bangsamoro or where the Bangsamoro has substantial interest. The manner of such representation shall be determined in the Basic Law.

E. The intergovernmental fiscal policy board shall determine the participation of the Bangsamoro Government in the results of operations of government-owned or -controlled corporations and its subsidiaries operating in the Bangsamoro. It shall also determine a formula for the share of the Bangsamoro Government from the results of said operations.

## Taxation

Socio-economic reconstruction→Taxation→Power to tax

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Pg. 3, 6. The Bangsamoro shall have the power to establish offices for the purpose of assessing and collecting the taxes mentioned herein.

**Banks** Socio-economic reconstruction→Banks→Personal or commercial banking  
Pg. 3, II. Other Sources of Revenue  
C. An intergovernmental mechanism shall be created to determine the participation of the Bangsamoro in the ownership and management of Al-Amanah Islamic Bank of the Philippines and the Southern Philippines Development Authority.  
Socio-economic reconstruction→Banks→International finance  
Pg. 5, VI. Contracting of Loans and Overseas Development Assistance (ODA)  
The Bangsamoro shall have the authority to contract loans, credits, and other forms of indebtedness with any government or private bank and other lending institutions, except those requiring sovereign guaranty, which require Central Government approval. The Central Government shall assist the Bangsamoro in complying with the requirements for a speedy issuance of the sovereign guaranty, to finance local infrastructure and other socio-economic development projects in accordance with Bangsamoro-approved development plan.

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### **Land, property and environment**

**Land reform/rights** No specific mention.

**Pastoralist/  
nomadism rights** No specific mention.

**Cultural heritage** No specific mention.

**Environment** No specific mention.

**Water or riparian  
rights or access** No specific mention.

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### **Security sector**

**Security  
Guarantees** No specific mention.

**Ceasefire** No specific mention.

**Police** No specific mention.

**Armed forces** No specific mention.

**DDR** No specific mention.

**Intelligence  
services** No specific mention.

**Parastatal/rebel and opposition group forces** No specific mention.

**Withdrawal of foreign forces** No specific mention.

**Corruption** No specific mention.

**Crime/organised crime** No specific mention.

**Drugs** No specific mention.

**Terrorism** No specific mention.

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### **Transitional justice**

**Transitional justice general** No specific mention.

**Amnesty/pardon** No specific mention.

**Courts** No specific mention.

**Mechanism** No specific mention.

**Prisoner release** No specific mention.

**Vetting** No specific mention.

**Victims** No specific mention.

**Missing persons** No specific mention.

**Reparations** No specific mention.

**Reconciliation** No specific mention.

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**Implementation**

**UN signatory** No specific mention.

**Other international signatory** Tengku Dato' Ab Ghafar Tengku Mohamed, Representative of Malaysian Facilitator

**Referendum for agreement** No specific mention.

**International mission/force/ similar** No specific mention.

**Enforcement mechanism** No specific mention.

**Related cases** No specific mention.

**Source** UN Peacemaker <http://peacemaker.un.org/philippines-annex-wealthsharing2013>

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