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From Competition to Co-opetition: Building Synergy Between Village-Owned Enterprises (BUMDes) and Koperasi Desa Merah Putih (KDMP) for Holistic Rural Welfare in Indonesia

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ABSTRACT

The simultaneous presence of *Badan Usaha Milik Desa (BUMDes* — Village-Owned Enterprises) and *Koperasi Desa Merah Putih (KDMP — Merah Putih* Village Cooperatives) in the same rural territories across Indonesia has sparked significant academic and policy debate about the risk of institutional overlap, resource competition, and functional duplication. This article employs a qualitative literature review to analyze the thematic landscape of this institutional coexistence, drawing on academic journal articles, policy documents, grey literature, and media reporting published between 2020 and 2026. The review identifies five major problem themes — institutional overlap, resource competition, regulatory ambiguity, elite capture risks, and legitimacy erosion — alongside five synergy themes, including functional differentiation, supply-chain integration, collaborative governance, digital ecosystem development, and triple-helix capacity building. Grounded in co-opetition theory and institutional theory, this article argues that BUMDes and KDMP are structurally complementary rather than inherently competitive: BUMDes excel in asset-based production and infrastructure management, while KDMP is optimally positioned for distribution, financial inclusion, and consumer-facing services. The article recommends an inter-ministerial regulatory framework for mandatory functional differentiation, village-level joint deliberation mechanisms (*Musdesus*), a shared digital village economy ecosystem, and joint capacity-building programs. Synergistic models from Lombok Timur and Riau Province demonstrate that when roles are clearly delineated and governed collaboratively, both institutions can jointly elevate rural household welfare in a holistic and sustainable manner.

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1. INTRODUCTION

1.1 Background

Indonesia's rural economic landscape has long been characterized by institutional plurality — a multiplicity of state-sponsored and community-based economic organizations operating at the village level. Since the enactment of Law No. 6 of 2014 on Villages, the *Badan Usaha Milik Desa (BUMDes)* has become the flagship instrument for rural economic empowerment, positioned as a village-owned commercial entity tasked with managing local resources, generating village income (PADes), and providing basic services to the community. As of 2024, approximately 65,941 BUMDes had been established across Indonesia, embedded within a broader rural economic ecosystem that also included 5,297 *Koperasi Unit Desa* (KUD), 2,510 *Kopinkra*, 33,482 *Kospin*, and 10,216 other types of cooperatives [1], [2], [3], [4], [5].

Into this already complex institutional landscape, the Prabowo-Gibran administration introduced *Koperasi Desa Merah Putih* (KDMP) through Presidential Instruction No. 9 of 2025, aiming to establish 80,081 cooperative entities in all villages and urban sub-villages (*kelurahan*) across Indonesia. The program was formally launched by President Prabowo Subianto at Desa Bentangan, Klaten, Central Java, on July 21, 2025, with a target for all KDMP to be operational by October 28, 2025. The KDMP is designed to function as a comprehensive rural economic hub, operating across eight mandatory business units: grocery outlets (*sembako*-staple foods), savings and loan units, village clinics, pharmacies, cold storage and warehousing, logistics and distribution services, cooperative offices, and other local-potential-based enterprises [6], [7], [8].

The near-simultaneous operation of BUMDes and KDMP within the same village territories has immediately triggered institutional friction. A member of DPR RI's Commission V articulated the central dilemma bluntly during a working session with the Minister of Villages in August 2025: "*Don't let BUMDes manage fertilizer, and KDMP also manage fertilizer. Both are businesses, while the village's business potential is limited*" [9]. This warning encapsulates the core concern: that two state-mandated institutions with overlapping mandates, competing for the same limited rural market, same human resources, and same village fund allocations, risk mutual destruction rather than mutual reinforcement.

1.2 Urgency of the Problem

The urgency of addressing this institutional coexistence is underscored by multiple empirical indicators. A 2025 CELIOS (Center of Economic and Law Studies) poll found that 76% of village officials (*perangkat desa*) rejected KDMP financing through *Himbara (association of state-owned enterprise banks)* bank loans secured with village funds as collateral, and 30% believed KDMP would undermine existing BUMDes [10]. A separate Kompas daily poll indicated that 55.3% of community members were aware of the KDMP program and 78.4% supported it — a paradox of public enthusiasm paired with institutional resistance [11].

The economic stakes are substantial. Each KDMP is expected to access up to Rp 3 billion in credit from Himbara banks at 6% annual interest for a 72-month tenor, with monthly repayments of Rp 56.67 million, and to generate profits exceeding Rp 684 million annually over operating costs. This financial pressure creates an existential imperative for KDMP to compete aggressively for local market share — directly threatening the viability of BUMDes that have been operating in the same space for years. It has been observed that BUMDes themselves struggled dramatically after 2015, when every village was mandated to establish one: many became mere administrative shells, with 93% of villages receiving no profit distributions and only 7% receiving distributions under Rp 15 million annually [12], [13], [14].

The problem is not merely one of economics but of institutional ecology. In a village-level market characterized by limited demand, two formal institutions competing for the same consumers, suppliers, and labor pool inevitably produce what economists call a "crowding-out" effect — suppressing the micro-private sector, producing adverse selection in management recruitment, and creating moral hazard incentives where both institutions anticipate government bailouts in case of failure [15], [16].

1.3 Research Objectives and Writing Purpose

This article pursues three interconnected objectives. First, it identifies the nature and extent of potential conflicts and overlaps between BUMDes and KDMP operating in the same village territories. Second, it synthesizes synergy frameworks from existing literature and practice that can enable both institutions to coexist and mutually strengthen each other. Third, it formulates evidence-based policy recommendations for constructive co-existence, drawing on conceptual frameworks, empirical studies, and documented best practices.

The article contributes to two scholarly conversations: the literature on rural institutional development in Indonesia and the emerging body of knowledge on co-opetition in public-sector and community-based organizations. It also addresses a practical policy gap at a critical juncture, when the KDMP program is still in its early operational phase, and the governance architecture for its relationship with BUMDes remains unsettled.

The **research questions** guiding this inquiry are:

1. What are the potential problems arising when BUMDes and KDMP operate in the same village territory?
2. What synergy frameworks can enable BUMDes and KDMP to mutually strengthen each other and collectively improve rural welfare?

2. LITERATURE REVIEW

2.1 Village-Owned Enterprises (BUMDes): Conceptual and Theoretical Foundations

BUMDes occupy a unique institutional position in Indonesian rural governance — they are neither fully commercial firms nor purely public agencies, but rather state-embedded social enterprises. Their legal foundation in Articles 87–90 of Law No. 6 of 2014 and Government Regulation No. 11 of 2021 defines BUMDes as legal entities owned by the village (badan hukum desa), funded by village capital, including village funds (dana desa), and governed through a structure of village government oversight and community supervision boards. Unlike private companies that maximize shareholder returns, BUMDes are mandated to serve dual commercial and social functions: generating village original income (PADes) while simultaneously providing affordable services and creating economic opportunities for village residents [17], [18], [19].

The theoretical foundations for understanding BUMDes draw from social enterprise theory, commons governance theory[20], and principal-agent frameworks in public administration. It has been argued that BUMDes represent a form of "communal capitalism" in which community ownership theoretically aligns profit-seeking with social welfare — though this alignment is far from automatic in practice [21]. Empirical assessments consistently reveal a significant gap between BUMDes' policy mandate and operational performance. An evaluation study in East Flores found that BUMDes programs were not optimal due to infrastructure limitations, weak alignment with community needs, inadequate managerial capacity, and the absence of supervision mechanisms [22]. Similar findings from Tana Toraja showed that only the gallon water business unit remained sustainable, while other units had been discontinued [23] .

The strategic role of BUMDes nonetheless remains significant where conditions for success are present. Research in Prambanan, Sleman, found that BUMDes played strategic roles as financial facilitators, local product promoters, and rural economic drivers, creating multiplier effects on community income and self-reliance [24]. The key success factors identified include institutional strengthening, managerial capacity building, and cross-sector collaboration — factors that, notably, are equally critical for KDMP. It has been specifically addressed that BUMDes' potential to reduce rural inequality through social welfare programs and economic empowerment (Darmawan et al., 2022), while it has been documented that the role of BUMDes in the economic empowerment of Labuhan Haji Village, East Lombok, through micro-loan services and cooperative-based financing [25]. These studies collectively suggest that successful BUMDes function not as isolated enterprises but as nodes in a broader rural economic network — a perspective directly relevant to their potential relationship with KDMP.

2.2 Koperasi Desa Merah Putih (KDMP): Conceptual and Theoretical Foundations

KDMP represents the Prabowo-Gibran administration's most ambitious rural economic intervention, combining elements of cooperative theory, food security policy, and financial inclusion strategy. Its legal architecture rests on Law No. 25 of 1992 on Cooperatives, and is strengthened by the Omnibus Law (Cipta Kerja), Presidential Instruction No. 9 of 2025, Permenkop No. 2 of 2025, and Permendesa PDT No. 10 of 2025. Unlike BUMDes, which are village-owned, KDMP is theoretically member-owned — formed on the principles of voluntary association, democratic governance, and profit-sharing (*Sisa Hasil Usaha/SHU*) — though in practice, the rapid, top-down establishment process has frequently compromised these cooperative principles [7], [8], [26], [27], [28].

The KDMP policy analysis employing a SWOT analysis found that the program has significant strengths in its cross-ministerial coordination mechanism and BUMN support ecosystem but faces critical weaknesses in human resource capacity, incomplete regulatory frameworks, and potential conflicts with existing rural institutions [29]. A policy gap study in Riau Province found that while 1,866 KDMP units had achieved legal entity status, only 106 had active outlets — reflecting a profound gap between formal establishment and operational functionality [7]. This pattern mirrors the BUMDes experience post-2015, when mass establishment produced mostly dormant entities. The parallel is instructive: both programs risk becoming "institutional follies" if their operational support structures, managerial capacity, and business ecosystems are not developed simultaneously [30], [31].

Deputy Minister of Cooperatives Ferry Joko Juliantono described KDMP's welfare vision in July 2025 as shortening supply chains, strengthening financial inclusion, creating village-level employment, and reducing extreme poverty through community-based economic services. These objectives are laudable, but their achievement depends critically on KDMP's relationship with the institutional actors already operating in the same space — most prominently, BUMDes [7], [32], [33], [34], [35], [36].

2.3 BUMDes and KDMP Contributions to Rural Welfare

Both BUMDes and KDMP are designed to address a common structural challenge in Indonesia's rural economy: the dominance of middlemen (*tengkulak*) who extract value from the production-distribution chain at the expense of farmers and rural households. BUMDes address this primarily through asset-based enterprises — cattle breeding, crop processing, village tourism, microfinance, water provision — that capture value at the production end of the chain. KDMP, by contrast, is designed to intervene primarily at the distribution end: purchasing agricultural outputs, distributing basic goods at controlled prices, and connecting villages to government supply programs for LPG, fertilizer, medications, and food [37], [38], [39].

The welfare contributions of BUMDes have been documented through multiple empirical studies. It has been found that BUMDes in the border villages of East Nusa Tenggara can serve as catalysts for MSME development by providing access to capital, market connections, and technological support [40]. Research from Kadundung, Tana Toraja, demonstrated that BUMDes could generate significant PADes contributions while simultaneously providing micro-loan services to low-income households, though effectiveness varied significantly across business units [23]. The impact study using Propensity Score Matching on 2019–2021 BUMDes data, concluded that BUMDes engaged in both the social and commercial sectors had significant positive impacts on village development index scores, though operating too many business units simultaneously reduced effectiveness [19], [41].

KDMP's welfare potential, though still largely prospective at this stage, is theoretically structured around eight mandatory business units that collectively address the full spectrum of rural household needs: food security (grocery outlets), financial access (savings-loans), health services (clinic and pharmacy), supply chain efficiency (cold storage, logistics), and local enterprise development [7], [26], [42], [43]. The UGM seminar on National Cooperative Day (July 2025) emphasized the penta-helix cooperation model for

KDMP — integrating government, community, private sector, academia, and media — as essential to realizing these welfare contributions [32].

The institutional ecology framing is critical here: in a village with a functioning BUMDes already operating a microfinance unit, a grocery retail unit, and a livestock enterprise, the arrival of KDMP with identical mandates — without deliberate differentiation — results in duplication, not welfare enhancement. This is the central paradox that synergy strategies must resolve [7], [26], [44], [45], [46].

2.4 The Concept of Co-opetition

Co-opetition — a portmanteau of "competition" and "cooperation" — was formalized as a theoretical framework by Brandenburger and Nalebuff in their influential work Co-opetition, which applied game theory to show that simultaneously competing and cooperating with rivals could produce superior outcomes to those of either strategy alone [47]. The framework challenges the zero-sum assumption of classical competitive theory, demonstrating that organizations can compete for market share in some domains while cooperating to create shared value in others — what Brandenburger and Nalebuff termed the "value net." Organizations in a co-opetitive relationship simultaneously play the roles of competitors (in the fight for consumer resources) and complementors (in the creation of resources and value that benefit both parties) [47], [48].

Co-opetition theory has been extended from private-sector origins to public-sector and community-based organizations. A qualitative study of co-opetition at the lowest level of Indonesian bureaucracy was conducted, and it was found that co-opetition emerged between the Ministry of Home Affairs and the Ministry of Villages precisely because their overlapping mandates over village governance created both competition and interdependence [49]. Their study found that despite high-level ministerial competition, village-level administrators practiced co-opetition naturally because government functions and community development could not be operationally separated. This finding has direct implications for BUMDes-KDMP relations: institutional competition at the policy design level does not preclude — and may indeed necessitate — operational co-opetition at the village level.

The thematic review on adaptive strategies in Southeast Asia found that Indonesia tends to favor co-opetition and cooperation over pure competition, a pattern rooted in social and community values — particularly among MSMEs, cooperatives, and community-based organizations [50]. This cultural disposition toward collaborative competition — embedded in Indonesia's cooperative philosophy of *gotong royong (*mutual cooperation*)* and *musyawarah-mufakat* (deliberation to reach consensus)— provides a powerful normative foundation for institutionalizing co-opetition between BUMDes and KDMP.

For rural institutions in Indonesia, co-opetition offers a particularly apt theoretical frame because both BUMDes and KDMP are simultaneously competitors (for village resources, human capital, and market share) and potential complementors (each providing goods and services the other cannot optimally supply). The theoretical prescription is clear: institutional design should maximally exploit their complementarity while minimizing their direct competition [49], [50].

3. METHOD

3.1 Research Design: Qualitative Literature Review

This article employs a qualitative literature review as its primary methodological approach — distinct from and complementary to a systematic literature review (SLR). While SLR follows a highly formalized protocol for exhaustive search, selection, quality appraisal, and quantitative synthesis of the literature (as per PRISMA guidelines), qualitative literature review prioritizes interpretive depth, thematic coherence, and conceptual synthesis over protocol-bound comprehensiveness. The methodological rationale for this choice lies in the research questions: the article seeks to understand *how* and *why* institutional conflicts emerge and how synergy can be constructed — questions that require interpretive judgment and conceptual integration rather than statistical aggregation.

Consistent with the framework for qualitative research, this study prioritizes trustworthiness through four criteria: credibility (achieved through triangulation across multiple source types), transferability (through contextual description enabling application to similar settings), dependability (through systematic thematic coding), and confirmability (through transparent presentation of interpretive reasoning) [51], [52]. The methodological approach is further distinguishes a qualitative literature review from an SLR by emphasizing its role in building hypotheses and conceptual frameworks from synthesized evidence, rather than testing pre-specified hypotheses [53], [54].

3.2 Sources of Evidence and Analysis Procedures

Evidence was drawn from three categories of sources. **Primary academic sources** include peer-reviewed journal articles from 2020 to 2026 sourced from Google Scholar, Scopus-indexed journals, SINTA-ranked Indonesian journals, DOAJ, and ResearchGate. Priority was given to articles addressing BUMDes performance, cooperative governance, rural welfare, institutional theory in public administration, and co-opetition theory. **Policy and grey literature** includes presidential instructions, ministerial regulations, legislative proceedings, government policy briefs (notably from CELIOS 2025 and NextPolicy 2025), and academic policy notes. **Media and practitioner sources** include reporting from Kompas, ANTARA, Suara NTB, and Kompasiana that capture the evolving public discourse on BUMDes-KDMP relations.

Thematic analysis followed a three-stage process: (1) open coding of source materials to identify recurring concepts and arguments, (2) axial coding to identify relationships between codes and cluster them into themes, and (3) selective coding to develop the overarching narrative framework structured around the two research questions.

4. RESULTS

4.1 Thematic Findings: Potential Problems in Shared Operational Areas

4.1.1 Theme 1: Institutional Overlap and Functional Duplication

The most frequently identified problem in the literature is the structural overlap between BUMDes and KDMP in their core business mandates. BUMDes, particularly those that have developed retail, microfinance, or agricultural trade units, operate in precisely the sectors that KDMP's eight mandatory business units target. The government's own clarification — that "*BUMDes will manage infrastructure and tourism while KDMP handles sembako (staple foods) and savings-loans*" — represents an aspirational differentiation that does not reflect current reality. Multiple BUMDes have already developed grocery retail units (retail kiosks), savings-and-loan services, and agricultural commodity distribution — all domains that KDMP is now explicitly mandated to enter [13], [17], [55], [56], [57], [58].

A study on BUMDes-Kopdes synergy explicitly identifies that both institutions contribute to economic growth and village income, but that their contributions can be optimized only through deliberate problem identification across business type, human resources, capital, employment, and urbanization [59]. Without this deliberate differentiation, the village economy — characterized by limited and relatively inelastic demand — faces what economists call "resource cannibalization": both institutions pursue the same limited pool of customers, resulting in duplicated cost structures [10], [60], [61].

4.1.2 Theme 2: Resource Competition — Capital, Human Resources, and Village Funds

A second critical problem theme is competition for scarce village resources. Both BUMDes and KDMP draw on village funds (dana desa) as their primary source of capital, creating direct fiscal competition. KDMP's PMK No. 49/2025 allows village funds to be pledged as collateral for Himbara bank loans, with up to 30% of annual village funds potentially earmarked for KDMP loan repayments. This directly competes with BUMDes' established claim on the dana desa allocation, as BUMDes has historically received capital injections from the same source [62], [63], [64].

The human resource competition is equally acute. Village management capacity is universally identified as a critical constraint in studies of both BUMDes and KDMP. The KDMP program alone requires approximately 30,000 managers to be recruited and trained nationwide. In villages where qualified administrators are already scarce — which is the vast majority — KDMP's establishment creates a competition for the same limited pool of capable village residents that BUMDes has already drawn upon. It has been noted that one of the primary historical failures of government-established rural economic institutions (from KUD to BUMDes) has been the tendency to appoint middlemen (*tengkulak*) as managers, creating moral hazard and embezzlement risks [12], [13], [65], [66], [67].

4.1.3 Theme 3: Regulatory Ambiguity and Governance Deficits

A third problem theme is the incomplete and sometimes contradictory regulatory framework governing both institutions. As of mid-2026, no inter-ministerial regulation had been issued establishing clear functional boundaries between BUMDes and KDMP. The relevant ministries — Ministry of Villages and Community Development (*Kemendes*), Ministry of Cooperatives and SMEs (*Kemenkop)*, Ministry of Home Affairs (*Kemendagri*), and Ministry of Finance (*Kemenkeu*) — had each issued their own sector-specific regulations without an overarching coordination framework [17], [38], [68].

An analysis has identified KDMP's legal foundation as fundamentally weak: Inpres No. 9/2025 lacks the normative force of a law (*Undang-Undang*), unlike BUMDes, which is grounded in Law No. 6/2014 [69]. This asymmetry creates uncertainty about KDMP's long-term institutional durability, since a subsequent administration could discontinue it without legislative action. This pattern has characterized every previous government-established rural economic institution in Indonesia, from IDT-era revolving funds to PNPM. A study in Riau found that the absence of derivative local regulations (perda) on KDMP operations, SOPs for BUMDes-KDMP coordination, and price transparency mechanisms compounded this governance deficit [7], [70], [71].

4.1.4 Theme 4: Risk of Elite Capture and Moral Hazard

The literature consistently identifies elite capture as a structural risk in government-established rural economic institutions. When KDMP management is determined through top-down appointment rather than genuine cooperative self-selection, the risk of the cooperative being captured by village elites — or by the same tengkulak networks that have historically undermined rural cooperatives — is significant. The CELIOS study reported that among village officials who opposed KDMP financing, one key concern was the risk of misappropriation of village funds if governance structures were inadequate [10], [26], [72].

Moral hazard operates through a related mechanism: both BUMDes and KDMP managers may perceive their institutions as "too politically important to fail" and thus take excessive business risks or engage in rent-seeking, knowing that government intervention will prevent formal collapse. This expectation is historically well-founded, given the pattern of government subsidization of distressed cooperative institutions in Indonesia [7], [26], [73], [74], [75], [76].

4.1.5 Theme 5: Community Confusion and Erosion of Institutional Legitimacy

A fifth problem theme is the confusion generated in village communities by the simultaneous operation of multiple formally similar institutions. When BUMDes and KDMP both claim to provide affordable goods, microfinance, and community economic services, community members face rational uncertainty about which institution to engage with, to invest in as cooperative members, and to trust with their economic participation. This confusion erodes the social capital and community trust that both institutions depend on for their effectiveness [61], [77], [78].

The legitimacy problem is compounded by the problematic establishment process of many KDMP units: as many desa formed KDMP not from a voluntary community initiative but as a prerequisite for receiving the second tranche of Village Funds for fiscal year 2025, the cooperative principle of voluntary membership was structurally violated from the outset. An institution that begins with coerced membership struggles to generate the authentic community ownership and participation that determines cooperative success [7], [26], [27], [28].

4.2 Thematic Findings: Synergy Strategies for Mutual Strengthening

4.2.1 Theme 6: Functional Differentiation and Role Division

The most fundamental synergy strategy identified in the literature is clear functional differentiation — each institution occupying a distinct and non-overlapping role within the village economic ecosystem. Deputy for Food Trade and Distribution at Kemenko Pangan, Tatang Yuliono, articulated the government's intended differentiation in July 2025: BUMDes for village infrastructure, tourism, and public services; KDMP for consumer goods retail, savings-loans, and supply chain distribution. While this boundary remains contested in practice, it provides a conceptual foundation for role differentiation [38], [79], [80], [81].

The literature suggests a more systematic differentiation framework based on comparative institutional advantage: BUMDes' legal structure as a village-owned entity (badan hukum desa) gives it a superior capacity for long-term capital investment, asset management, and infrastructure development — domains requiring continuity and community accountability. KDMP's cooperative structure provides superior capacity for member-based service provision, profit-sharing, and the kind of distributed democratic governance that consumer cooperatives require. Matching institutional design to institutional function — rather than allowing both to compete in the same domains — is the essential starting point for synergy [5], [82], [83], [84], [85].

4.2.2 Theme 7: Supply-Chain Integration (BUMDes as Producer, KDMP as Distributor)

The most compelling and well-documented synergy model is supply chain integration, with BUMDes functioning as the production unit and KDMP as the distribution and retail unit. This model has been articulated and piloted in several locations. In Lombok Timur, Hambali (Head of the PMD Office) described a vision in which "BUMDes as producers — such as chicken coops — will supply the output to KDMP, which will channel it to MBG (*Makan Bergizi Gratis/Free Nutritious Meals*) kitchens in eastern areas that need eggs". This producer-distributor model elegantly exploits the comparative advantages of each institution: BUMDes's capacity for asset-intensive agricultural production and KDMP's distribution network and government supply chain connections [77], [86], [87].

The supply-chain integration model aligns with a broader vision for a village economic ecosystem: rather than competitive duplication, each institutional actor should serve as a node in a value chain that connects production, processing, distribution, and retail [12], [13]. Kualu Nenas Village in Riau exemplifies this: the KDMP optimizes the cooperative to strengthen the pineapple commodity value chain, from production (linked with BUMDes agricultural enterprises) through processing to marketing [88], [89]. Nationally, this model could be systematized through the *Makan Bergizi Gratis* (MBG) program as an offtaker mechanism: BUMDes serving as suppliers of agricultural produce (eggs, vegetables, rice, livestock) to KDMP, which then functions as the logistics and distribution hub supplying MBG kitchen operations . This creates a structured, demand-driven value chain in which both institutions have defined roles, eliminating competition and creating mutual dependence [90], [91], [92].

4.2.3 Theme 8: Collaborative Governance and Joint Planning Mechanisms

Effective synergy requires not merely functional differentiation at the policy level but active collaborative governance at the village level. The *Musyawarah Desa Khusus* (Musdesus) — a special village deliberation meeting — is identified in multiple sources as the appropriate institutional mechanism for negotiating the division of roles, resolving overlap conflicts, and jointly planning the operational boundaries of BUMDes-KDMP. When conducted genuinely — with full participation of BUMDes managers, KDMP administrators, village government officials, and community members — Musdesus can produce locally adapted differentiation agreements that respect the specific economic ecology of each village [7], [93], [94].

The joint planning model proposed in the literature extends beyond individual villages to multi-village economic ecosystems at the sub-district (*kecamatan*) level. It has been argued that the village economic ecosystem should map all enterprise types within the village, trace their linkages to other enterprises both within and between villages, and use this information as the foundation for a sub-district, regency, and ultimately national rural economic roadmap [12], [13]. In this framework, BUMDes and KDMP are not competing institutions but complementary nodes in a deliberatively designed economic network [82], [95], [96].

4.2.4 Theme 9: Digital Ecosystem and Shared Data Infrastructure

A recurring recommendation in the literature is to develop a digital village economic ecosystem (ekosistem ekonomi desa digital) that integrates the information systems of BUMDes and KDMP, as well as other village economic actors. It has been proposed a "super-application for the village economy" — potentially developed by Telkom — that would integrate all ministerial applications into a single platform, enabling one-time data entry with connectivity across legal entity registration (*Kemenkum*), tax ID (*Kemenkeu*), business registration (BKPM), village fund monitoring (*OMSPAN*), and cooperative financial reporting [12], [13].

The SIMKOPDES platform, currently being developed for KDMP — which, as of 2025, had only registered 609 of 1,866 KDMP units in Riau Province — offers a foundation for this broader integration. If BUMDes data (already tracked through the Ministry of Villages' monitoring systems) were integrated with KDMP data in a shared platform, village governments, sub-district officers, and regency-level planners could map the actual distribution of enterprises across their territory and proactively manage overlaps before they become conflicts [7], [97], [98].

4.2.5 Theme 10: Cross-Institutional Capacity Building and Triple Helix Collaboration

The final synergy theme identified in the literature is joint capacity building — training and development programs designed simultaneously for BUMDes and KDMP managers, creating a shared professional community rather than competing institutional loyalties. It has been identified that specifically synergy through the triple helix model — collaboration among Government, Private Sector, and Universities — is essential for realizing both institutions' welfare contributions [59]. Universities can provide management training, business plan development support, and accounting capacity building; private sector CSR programs can fund this training; and the government can coordinate the institutional framework [13], [99], [100], [101].

It has been identified that the specific training priorities for KDMP personnel — business ethics, financial reporting, daily sales tracking by KTP-based identity, fertilizer procurement planning, and expired medication tracking — mirror exactly the failures that undermined BUMDes performance [12], [13]. Designing joint training programs with shared content and coordinated delivery would not only build individual capacity but create personal networks between BUMDes and KDMP managers that facilitate informal cooperation — the social capital foundation of effective co-opetition.

5. DISCUSSION AND ANALYSIS

5.1 Thematic Synthesis: Answering the Research Questions

The thematic findings presented above collectively answer the two research questions with substantial clarity. In response to the first question, *what are the potential problems when BUMDes and KDMP operate in the same village territory?* — The literature reveals a multi-dimensional conflict landscape involving institutional overlap, resource competition, regulatory ambiguity, governance deficits, elite capture risks, and community confusion. These problems are not accidental byproducts of policy implementation failures but rather structural features of introducing a new comprehensive rural economic institution into a space already occupied by an established one, without an adequate architecture for managing their interaction.

The structural nature of the conflict is illuminated by Douglass North's institutional theory framework, as invoked in the initial source documents: institutional overlap — where competition between organizations displaces potential synergy — is a predictable outcome whenever new institutional forms are introduced into established institutional ecologies without deliberate coordination mechanisms. The Indonesian rural institutional landscape has repeatedly generated this pattern: KUD in the Suharto era, PNPM-UPK under Yudhoyono, and BUMDes under Jokowi each emerged as dominant policy priorities, only to coexist uneasily with their predecessors. KDMP is the latest iteration of this institutional sedimentation process.

In response to the second question, *what synergy frameworks can enable BUMDes and KDMP to mutually strengthen each other?* — The literature converges on co-opetition as the theoretically appropriate frame and supply-chain integration as the most practically viable synergy mechanism. The co-opetition framework is particularly apt because it explicitly accommodates the reality that BUMDes and KDMP are simultaneously competitors and complementors: they compete for the same scarce village resources but can create more value together than separately if their roles are deliberately structured to exploit complementarity.

5.2 Critical Analysis of Synergy Pathways

The Supply-Chain Synergy Model — BUMDes produces, KDMP distributes — is theoretically compelling and has early empirical support in Lombok Timur and Riau Province. However, its successful implementation requires addressing three conditions. First, BUMDes must actually be engaged in production activities (which many are not), requiring a strategic reorientation of BUMDes toward upstream production roles. Second, KDMP must develop reliable distribution and retail capacity, which requires resolving the current gap between legal establishment and operational activation . Third, a pricing mechanism must be established that fairly distributes value along the chain — preventing either institution from exploiting the other through monopoly power.

The Governance Synergy Model — joint deliberation through Musdesus and joint planning at sub-district and regency levels — addresses the process dimension of synergy. Without deliberate collaborative governance, even well-designed functional differentiation will erode over time as institutional self-interests reassert themselves. The Malaysian institutional theory literature (Salim et al., 2023) has demonstrated that organizations strategically adapt to institutional pressures to enhance legitimacy; designing a governance framework that creates legitimate channels for collaborative adaptation is essential [50].

The Digital Ecosystem Model — a shared data infrastructure that enables real-time visibility into institutional overlaps and value chain connections — is the least-developed synergy pathway in current practice but potentially the most transformative. It has been argued that the fundamental problem of uncoordinated rural institutional development is the lack of mapped enterprise networks:

without visibility into who is doing what, planners cannot design coordination efforts [12], [13]. A digital ecosystem that makes the village economic landscape visible — to village governments, cooperative managers, BUMDes directors, and regency planners simultaneously — creates the information foundation for dynamic co-opetitive coordination.

5.3 Lessons Learned and Best Practices

The Lombok Timur Model provides the most concisely documented example of supply-chain synergy design. Hambali's formulation — "*BUMDes as producer, KDMP as distributor to MBG kitchens*" — captures the producer-distributor division in a specific, demand-driven context. Critically, this model works because the *Makan Bergizi Gratis* (MBG) program provides a reliable institutional offtaker (government-funded school meals demand) that creates stable demand for the combined BUMDes-KDMP supply chain. Replicating this model requires identifying similar government procurement programs — such as fertilizer distribution, medication supply, and school supplies — as demand anchors.

The Riau Pulau Gadang Model demonstrates the feasibility of integrating BUMDes-KDMP operations at the pilot village level. In Pulau Gadang, the KDMP has developed six active business units with explicit integration with village agricultural enterprises (linked to BUMDes activities), covering groceries, medications, offices, a village clinic, agriculture, and freshwater fisheries. The Riau Provincial Government's strategic decision to use Pulau Gadang as a pilot village — rather than attempting a simultaneous national rollout — provides a learning platform for refining the integration model before scale-up [102].

The GKBI (*Gabungan Koperasi Batik Indonesia*) Historical Model offers a longer-term lesson in cooperative institutional development. It has been noted that GKBI in the 1950s demonstrated that cooperatives could grow into major economic actors through affirmative policy support without direct APBN subsidies — by developing specialized value-chain roles within a broader industrial ecosystem[69]. The BUMDes-KDMP synergy architecture should similarly aim for institutional complementarity that generates sustainable competitive advantage in the rural economy, rather than indefinite dependence on government financial support.

5.4 A Hypothetical Model of BUMDes-KDMP Co-opetition in a Palm Oil-Producing Village

The preceding sub-sections have analyzed synergy pathways in general terms. To illustrate how co-opetition can be operationalized in a specific commodity context, this sub-section develops a hypothetical model grounded in the structural realities of Indonesia's palm oil smallholder sector — a sector of enormous national economic significance and of particular relevance to villages in Sumatra, Kalimantan, and Sulawesi where oil palm is the dominant livelihood base. Indonesia is the world's largest producer and exporter of palm oil, and approximately 40% of the total national oil palm plantation area — roughly 5.8 million hectares — is owned by smallholder farmers, involving approximately 2.5 million farm households and around 10 million dependents. These independent smallholders are critical upstream actors in the global crude palm oil (CPO) supply chain, yet they consistently receive the weakest share of the value they help generate [103].

The Structural Problem: Weak Bargaining Power and Predatory Intermediation

Independent oil palm smallholders in Indonesia face a deeply asymmetric market structure. Research consistently documents that smallholders receive only 60–70% of the provincial reference price for Fresh Fruit Bunches (TBS), far below the rates received by plasma farmers who operate within plantation company partnerships. This price gap is not a market failure in the abstract — it is a systemic outcome of supply chain architecture. Studies in Kampar, Riau, comparing direct and indirect TBS distribution structures, found that farmers selling through multi-layer intermediary chains (*petani → toke kecil → pembeli besar → pabrik*) received approximately Rp 200/kg less than those selling directly via cooperatives to the mill. The extended supply chain inflated marketing costs to 22–30% of the TBS price, with the national average farmer share standing at only 71.4% — well below the 80% benchmark considered equitable [104], [105], [106].

Compounding the price disadvantage is the predatory lending (loan shark/rentenir) problem. Independent smallholders routinely require short-term working capital to cover fertilizer, harvesting labor, and transportation costs in the weeks between harvest cycles. Unable to access formal credit, many farmers enter informal debt arrangements with the same intermediaries who purchase their TBS — a dual-role exploitation structure in which the collector-trader (toke) simultaneously provides credit and sets purchase prices, creating a monopsony that further suppresses farmers' income. Cooperatives Minister Budi Arie Setiadi explicitly identified this cycle as a target of the KDMP program, stating that KDMP's savings-and-loan units are designed specifically "to disrupt the cycle of poverty in rural areas, by providing accessible and legitimate financial services" and to "eliminate reliance on loan sharks, middlemen, and predatory online loans (*pinjol*)" .

The question, in a hypothetical palm oil-producing village with both a BUMDes and a KDMP, is: how can both institutions be positioned in the TBS supply chain such that they neither compete destructively with each other nor continue to leave smallholders at the mercy of rent-extracting intermediaries?

Defining Distinct Roles in the Palm Oil Value Chain

The co-opetition framework offers a clear analytical prescription: BUMDes and KDMP should occupy different, complementary nodes in the palm oil value chain, each maximizing its institutional comparative advantage. Drawing from the institutional strengthening model developed for independent oil palm smallholders in Riau and Jambi Provinces, the value chain can be mapped into upstream (plantation management, input supply, fertilization), midstream (TBS collection, aggregation, transport), and downstream (milling, processing, and marketing) segments. BUMDes and KDMP are best positioned at different nodes across this chain [106], [107].

BUMDes — as a village-owned entity with long-term capital management capacity and legal authority to own physical assets — is best positioned at the **upstream and early midstream** nodes: managing village-level plantation service inputs (certified seeds, subsidized fertilizer, plantation rejuvenation/PSR programs), owning and operating shared agricultural infrastructure (harvesting equipment, tractors, transport vehicles), and providing plantation management advisory services to smallholder members. This is consistent with the general BUMDes mandate for asset-based economic activities and long-term capital investment, and with the finding that institutional strengthening for independent smallholders must begin with input provision, standardization of plantation management, and infrastructure development [106]. Indeed, research on BUMDes in Musi Rawas, South Sumatra — a palm oil village BUMDes — documented exactly this upstream service role: the BUMDes was involved in improving smallholder incomes through input facilitation and plantation service units, though with less-than-optimal results due to capacity limitations [108], [109], [110].

KDMP — as a member-owned cooperative with profit-sharing (SHU) governance and explicit mandates for savings-and-loan units, collective purchasing, and supply chain distribution — is best positioned at the **midstream and downstream** nodes: aggregating TBS from smallholder members at transparent, cooperative-negotiated prices; organizing collective TBS sales directly to palm oil mills (PKS) to eliminate the toke intermediary; managing the cooperative's savings-and-loan unit to provide harvest-cycle working capital at competitive rates to replace predatory moneylenders; and progressively developing downstream value-added activities such as processing *Minyak Makan Merah* (Red Cooking Oil) — a government-supported downstream cooperative product line. This role assignment aligns with the Solidaridad Indonesia/NISCOPS program findings in West and East Kalimantan that "cooperatives are the central channel for selling fresh fruit bunches to processing plants" and that "this official partnership would deter unauthorized sales and elevate smallholder farmers to key players in Indonesia's oil palm supply chain"[111], [112], [113].

The Proposed BUMDes-KDMP Business Partnership Model

The two institutions' distinct roles can be formalized into a BUMDes-KDMP Business Partnership Model (BKBPM) for palm oil-producing villages. This model rests on four operational pillars:

Pillar 1: Input-Supply Partnership. BUMDes manages a village agro-input depot — stocking certified seeds, fertilizer (including subsidized government fertilizer distributed through KDMP's role as a fertilizer distribution sub-agent under Inpres No. 9/2025), and pesticides — and supplies these inputs to farmers at cost price or with soft loans. KDMP's savings-and-loan unit provides working capital for farmers to purchase these inputs, eliminating the need for farmers to seek shark loans or the middlemen for credit. This integrated input-finance arrangement severs the debt-bondage chain at its source, eliminating the toke's leverage over the TBS price.

Pillar 2: TBS Aggregation and Collective Marketing. KDMP serves as the collective TBS aggregator and marketing institution, organizing farmer members to sell their TBS collectively rather than individually. Through collective volume, KDMP negotiates directly with PKS for a price contract at or above the provincial reference price — a leverage that no individual smallholder or small toke can achieve alone. Research in Kampar, Riau, documented that direct cooperative-to-mill distribution channels consistently deliver higher TBS prices (Rp 2,400/kg vs Rp 2,200/kg in Sialang Kubang) and faster distribution times (1 day vs 2–3 days) than intermediary-dependent chains [114]. BUMDes contributes to this pillar by providing the physical infrastructure for TBS collection and temporary storage — using its cold storage assets (where available) and transport vehicles — which KDMP hires or leases from BUMDes at commercial rates, creating a B2B revenue stream for BUMDes while reducing KDMP's infrastructure investment burden.

Pillar 3: Anti-Predatory Lending Finance Architecture. KDMP's savings-and-loan unit offers harvest-cycle microloans (pinjaman siklus panen) to member-farmers at regulated cooperative interest rates, explicitly designed to replace rentenir/loan-shark financing. Loan repayments are automatically deducted from TBS sale proceeds at the cooperative, eliminating the collection risk that deters formal lenders from serving this market. BUMDes can participate in this pillar by directing its revolving fund resources into a co-guaranty arrangement with KDMP: BUMDes provides a partial guarantee for KDMP loans to village farmers, reducing KDMP's credit risk and enabling larger loan volumes. This co-guaranty model is structurally similar to the collective action model for smallholder cooperatives in Sub-Saharan Africa, where shared institutional guarantees enabled cooperative credit to displace moneylender credit in commodity supply chains [115].

Pillar 4: Progressive Value-Chain Upgrading. In the longer term, the BUMDes-KDMP partnership can jointly develop downstream processing activities that retain more value within the village economy. The most immediately feasible option is the establishment of a cooperative-based *Minyak Makan Merah* (Red Cooking Oil) mini-processing unit — a downstream palm oil product authorized under Permenkop and UMKM No. 5 of 2023, with a successful pilot at Koperasi Pujakesuma in North Sumatra in partnership with Kemenkop UKM and PTPN [107]. In this model, BUMDes owns and manages the mini-processing plant as a capital-intensive fixed asset, while KDMP manages the farmer members' TBS supply chain feeding into the plant and markets the Minyak Makan Merah output through its distribution network. This vertical integration model mirrors the initiative of the KSMJ

Secondary Cooperative in Pangkalan Tiga Village, West Kotawaringin, Central Kalimantan, which is developing a cooperative-owned CPO mill with EU Palm Step program support, making it one of the most advanced models of cooperative downstream integration for smallholders in Indonesia[114], [116] .

Lessons from Comparable Cases

Several documented cases from Indonesia and elsewhere provide empirical grounding for the BKBPM model's feasibility.

The most directly relevant Indonesian case is the **Tani Subur Cooperative** in Pangkalan Tiga, Kotawaringin Barat, Central Kalimantan. Established by transmigrant palm oil smallholders who faced severe market disadvantages due to corporate dominance and local government indifference, Tani Subur developed into a comprehensive cooperative institution that secured land tenure for members, managed collective capital, organized direct FFB marketing to mills, and facilitated RSPO certification — transforming individual powerlessness into collective market power. The key lesson from Tani Subur is that cooperative solidarity in commodity marketing is the pivotal mechanism for bargaining power — not any particular institutional form — and that this solidarity requires sustained organizational investment in member governance capacity [117], [118]. In the BUMDes-KDMP model, KDMP provides precisely this cooperative organizing function, while BUMDes provides the complementary asset and infrastructure base.

The **NISCOPS (National Initiatives for Sustainable and Climate-smart Oil Palm Smallholders)** program in West and East Kalimantan, implemented by Solidaridad Indonesia with support from the Dutch government since 2019, provides a second relevant model. NISCOPS strengthened the Keling Kumang cooperative network (including Keling Kumang Agro/KKA and APKS Keling Kumang), training nearly 5,000 farmers annually in record-keeping, business planning, and cooperative governance [113]. The program explicitly positioned cooperatives as the central FFB marketing channel — replacing middleman-dependent transactions with direct cooperative-to-mill contracts. The critical design insight is that cooperative effectiveness required *institutional strengthening, not just structural establishment* — directly mirroring the managerial capacity development needs of KDMP.

From a cross-commodity parallel, the **Kampar Riau cooperative supply chain study** provides quantitative evidence of the price premium achievable through cooperative channel shortening — up to Rp 200/kg, or approximately 9% of the farm-gate price — and recommends cooperative-direct-mill contract integration as the priority intervention for improving smallholder welfare [114]. Applied to the BUMDes-KDMP model, this implies that even partial success in disintermediating one level of the TBS supply chain — replacing the middlemen with a KDMP aggregator — can produce welfare gains of 5–10% in net farm income, sufficient to justify the institutional investment in establishing the cooperative governance architecture.

The **corporate farming model** for independent smallholders in Konawe, Southeast Sulawesi, offers a further design element: the Business Model Canvas framework for cooperative-based CPO supply chains, emphasizing cooperative-as-offtaker, replanting support through BPDP Sawit grants, and mini-CPO mill development as the downstream value capture mechanism [119]. The study recommends a "cooperative palm oil family" model wherein the cooperative provides farmers with integrated access to finance, replanting, intensification, extensification support, and infrastructure — exactly the institutional ecology that the BUMDes-KDMP partnership can replicate at the village level.

Implementation Preconditions and Governance Architecture

The BKBPM model's success depends on five preconditions that reflect lessons from both the successes and failures documented in the literature. **First**, role demarcation must be formally established through a Village Economic Cooperation Agreement (*Perjanjian Kerja Sama Ekonomi Desa*) negotiated through *Musdesus*, specifying BUMDes's upstream/infrastructure role and KDMP's midstream/finance role, with explicit provisions that prevent either institution from entering the other's designated domain. **Second**, BUMDes must prioritize capital investment in TBS-chain infrastructure (collection points, weighbridges, transport vehicles) rather than directly competing with KDMP in TBS trading — a temptation that must be managed through the cooperative agreement. **Third**, KDMP must develop genuine member-governance capacity before scaling its collective marketing function: the Tani Subur and NISCOPS experiences both demonstrate that premature scaling of marketing operations without organizational readiness produces the same corruption and management failures that have historically undermined Indonesian cooperative institutions. **Fourth**, a digital traceability platform — integrated into the broader village economic digital ecosystem — should track TBS volumes, prices, and loan repayments in real time, providing the price transparency that cooperative bargaining power requires and the data quality that future ISPO/RSPO certification demands. **Fifth**, BPDP Sawit (Palm Oil Fund Body) grant programs and the Ministry of Agriculture's PSR (Palm Oil Rejuvenation) scheme should be channeled through the BUMDes-KDMP partnership as its primary institutional conduit, ensuring that government support reinforces rather than undermines the cooperative institutional architecture.

Together, these design principles transform the BUMDes-KDMP relationship in a palm oil-producing village from an arena of institutional competition into a vertically integrated, community-owned supply chain intermediary capable of substantially improving the bargaining position of oil palm smallholders vis-à-vis mills, agribusiness corporations, and predatory informal lenders — realizing, in a specific commodity context, the holistic rural welfare mission that both institutions were established to achieve.

6. CONCLUSION

6.1 Substantive Conclusions

This qualitative literature review has demonstrated that the coexistence of BUMDes and KDMP in the same village territories is neither inherently destructive nor automatically synergistic, but is rather an institutional design challenge that requires deliberate, multi-level governance interventions to produce positive welfare outcomes. The potential for mutual destruction is real and structurally grounded: two state-mandated institutions with overlapping mandates competing in a limited rural market produce resource cannibalization, management dispersion, fiscal pressure on village funds, and community confusion. This risk is not theoretical — it has already materialized in documented cases of institutional overlap across Indonesia.

However, the potential for synergy is equally real and theoretically grounded in co-opetition theory. BUMDes and KDMP possess structural complementarities — in legal form, governance philosophy, institutional capacity, and economic function — that, if deliberately exploited, can enable each institution to do what it does best while creating value linkages that neither could generate independently. BUMDes' strength in asset-intensive production and long-term capital management complements KDMP's strength in distribution, member-based service provision, and supply-chain connectivity. These complementarities form the foundation of a co-opetitive institutional architecture that holistically serves rural welfare.

6.2 Policy Recommendations

Based on the thematic synthesis and analysis above, the following policy recommendations are advanced:

Recommendation 1: Issue Inter-Ministerial Regulations on Functional Differentiation. The Ministries of Villages, Cooperatives, Home Affairs, and Finance should jointly issue a Peraturan Bersama (Joint Ministerial Regulation) establishing mandatory functional boundaries between BUMDes and KDMP, with BUMDes assigned to infrastructure management, asset-based production, tourism, and long-term capital investment; and KDMP assigned to consumer goods distribution, savings-loans, supply chain services, and healthcare provision. This regulation should include a transition mechanism for BUMDes already operating in KDMP domains.

Recommendation 2: Mandate Musdesus-Based Joint Planning. Every village where both BUMDes and KDMP operate should be required to hold an annual Musyawarah Desa Khusus (Musdesus) specifically for negotiating the BUMDes-KDMP operational boundary and developing a joint business plan. The output of this Musdesus should be a binding Village Economic Cooperation Agreement (*Perjanjian Kerja Sama Ekonomi Desa*) that specifies each institution's role in the village's economic ecosystem.

Recommendation 3: Develop a Shared Digital Village Economy Ecosystem. Building on the SIMKOPDES platform and the Ministry of Villages' BUMDes monitoring system, the government should develop an integrated digital platform that maps all enterprise activities, provides real-time visibility into BUMDes-KDMP operational boundaries, and enables supply chain coordination — including connections to government procurement programs (MBG, Bulog, Pertamina, Kimia Farma).

Recommendation 4: Implement Joint Capacity Building Programs. The government, the private sector (through CSR), and universities (through community engagement programs) should jointly design and deliver management training programs for BUMDes and KDMP managers, covering business planning, financial management, supply chain operations, cooperative governance, and digital literacy. Certification through *Badan Standardisasi Nasional* (BSN) should be integrated into the program.

Recommendation 5: Institutionalize the Producer-Distributor Model through Government Offtake Programs. The *Makan Bergizi Gratis* (MBG) program, Bulog rice procurement, Pertamina LPG distribution, and Kimia Farma medication supply should explicitly require BUMDes-KDMP supply chain partnerships as a condition of participation, thereby creating structured demand for the complementary institutional model.

6.3 Examples of Synergistic Cooperation and Best Practices

The following synergistic models are recommended for immediate replication and scale-up:

- **The Lombok Timur Egg Supply Chain**: BUMDes poultry enterprises supplying eggs to KDMP for MBG distribution — combining BUMDes production capacity with KDMP's distribution network.
- **The Kualu Nenas Pineapple Value Chain (Riau)**: BUMDes agricultural enterprises supplying pineapple to KDMP for processing and marketing — a commodity-chain model applicable across agricultural regions.
- **The Pulau Gadang Multi-Unit Cooperative (Riau)**: KDMP operating six active business units with explicit supply linkages to BUMDes agricultural activities — a replicable pilot model for integrated village economic institutions.
- **The GKBI Cooperative Policy Lesson**: Affirmative policy support (not direct financial subsidy) for value-chain specialization by cooperatives — applicable to KDMP positioning in agricultural commodity chains.

These best practices share a common architecture: clear role delineation, value-chain interdependence, government offtake programs as demand anchors, and collaborative governance mechanisms enabling adaptive coordination. This architecture — grounded in co-opetition theory and validated by empirical cases from across Indonesia — provides the operational blueprint for transforming the potential conflict between BUMDes and KDMP into a synergistic engine for holistic rural welfare.

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