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Handling Money Laundering Crime in the Forestry Sector through Integrated Governance

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Abstract:

This research was conducted to identify whether the problem of weak coordination and government cooperation in eradicating and preventing money laundering in the forestry sector is solely due to the suboptimal role of the government or whether the suboptimal role is also contributed by the private sector/corporations and NGOs that only work according to the orders of funders. The method used in this research is a qualitative method, namely data collection through Focus Group Discussions (FGDs) and in-depth interviews. The results of the research show that the unoptimized handling of forestry ML so far is due to integrated governance in handling forestry ML that has not gone well. It is not enough to handle forestry ML using Emerson, Nabatchi and Balogh's (2012) theory on integrated governance. The research found that resources are an important factor that must be addressed prior to the start of integrated governance in handling forestry ML. Resources are not specifically described in Emerson, Nabatchi and Balogh's theory.

Keywords: *Crime, Money Laundering, Forestry, Governance, Government*

1. Introduction

Climate Change and Global Warming have been global issues for the past few decades. So that on December 12, 2015, 196 countries in the world including Indonesia signed the Paris Agreement during the United Nations Climate Change Conference of 2021 (COP21) in Paris (Unfccc.int. - 2021). The Paris Agreement is a milestone in the world community's awareness of the dangers posed by climate change and global warming (Nukhuseva et al., 2021). Since the entry into force of the Paris Agreement Commitment, the International Disaster Database in 2018 has recorded 346 natural disasters in 2015 and 315 natural disasters in 2018 caused by climate change (Center for Research on the Epidemiology of Disasters (CRED) - 2018). Based on the data submitted by CRED, it states that the highest number of disaster victims due to climate disasters in 2018 was caused by floods, which amounted to 34.2 million people. Other highest casualties came from hurricanes with 19.4 million people and droughts reaching 10.8 million people. Of these, 2,879 people died from floods, 1,734 died from storms, but there were no fatalities due to drought.

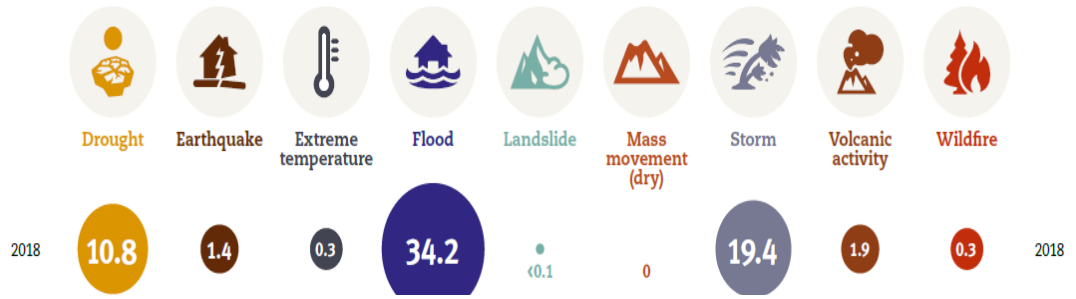

Figure 1. Number of fatalities due to disasters caused by climate change/global warming
Source: CRED, 2018

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Climate change and global warming are closely related to environmental crime. The Financial Action Task Force on Money Laundering (FATF, 2021) categorizes environmental crimes as illegal mining activities, forestry crimes, and hazardous waste disposal. However, among these environmental crimes, FATF reports that forestry crimes are the most significant crimes in terms of the value of profits obtained by the perpetrators. The results of the 2018 World Atlas of Illicit Financial Flows released by INTERPOL, forestry crimes generate around USD 51 to 152 billion annually. This fact is in line with World Bank data stating that tax revenues from illegal logging alone cost the government between USD 6 and 9 billion per year (World Bank, 2019).

The FATF, 2021 review also showed that forestry crime occurs worldwide, but primarily in primary rainforests in Central and South America (such as Peru, Colombia, Ecuador and Brazil); Central and Southern Africa (such as the Democratic Republic of Congo, Gambia and Great Lakes regions); Southeast Asia (such as Indonesia, Papua New Guinea, Myanmar) and parts of Eastern Europe (such as Russia). In addition, illegally logged timber is shipped through this region to locations in East Asia, North America and Western Europe. One case in South America shows that forestry criminals are part of a wider criminal ecosystem that utilizes smuggling and money laundering networks used for other crimes. These networks utilize multiple transit countries, large remittances, corruption and trade fraud and are supported by a complex network of corporate structures. These schemes are used so that the proceeds of crime are not easily identified by the authorities. Forest criminals in South America also often set up companies on Caribbean islands. These companies have direct links with potential buyers involved in timber processing. After that, all funds will pass through the business structure that has been set up. The flow of funds will remain in the transit jurisdiction or will return to the country where the forestry crime was committed.

The complexity of perpetrators of crimes in the forestry sector in hiding / disguising assets derived from criminal acts, requires the role of the Financial Intelligence Institution as an institution authorized to take action against Money Laundering Crimes (TPPU). In accordance with the FATF Recommendation, following up on ML needs to involve relevant Law Enforcement Officials (Apgakum), Financial Service Providers (PJK) both banks and non-banks, and other parties both private and government with an interest in enforcing ML in the forestry sector. One example of the follow-up of ML in the forestry sector involving the cooperation of the parties is the follow-up of forestry ML cases in Madagascar. The Government of Madagascar has set forestry ML prosecution as a priority.

In following up forestry ML cases, the Madagascar government involves Financial Investigators and Customs. Madagascar Customs has data on imports and exports; data on timber cargo loads from private companies that may be contracted to manage ports and container terminals; a mining administration database that includes permits granted, authorizations to transport and export mining products, and declarations of exported products. These data are required by the Financial Investigator in investigating forestry cases in Madagascar. Another country that has also implemented cooperation in the prosecution of ML in the forestry sector is the Netherlands. In 2012 the Netherlands established The Netherlands' Strategic Environmental Chamber (SEC). SEC was established to formulate a strategic direction in addressing environmental crime. The priorities and objectives of the SEC program are to direct decision-making on which cases should be investigated and on which subjects and issues should be followed up by intelligence. The members of the SEC consist of the Inspectorate of Environment and Transport, the Apparatus Agency, the Financial Intelligence Service, the Inspectorate General, and the Dutch Police.

Indonesia, as the 8th largest country in the world with 92 million hectares of forest, faces the threat of deforestation (Tsujino et al., 2016). According to the Climate Transparency Report Indonesia in 2021, Indonesia is the world's largest emitter of land use emissions from extensive deforestation due to agriculture (especially palm oil) and peat fires from forest fires. The report states that between 2015 and 2020, Indonesia has lost 573 Kilo Hectares (Kha) of forest area per year (Climate transparency report Comparing G20 Climate Action - 2021). Furthermore, based

on data obtained from the Directorate of Criminal Law Enforcement of the Ministry of Environment and Forestry (KLHK) in 2022, it is known that the potential for forestry problems is higher than the potential for environmental problems. In 2020 there were 688 forestry problems and 499 environmental problems, and in 2021 there were 751 forestry problems and 478 environmental problems. Of the forestry problems, 26% came from forest and land fires, which made forest and land fires the highest forestry problem (Directorate of Criminal Law Enforcement KLHK - 2022).

The Indonesian Center for Environmental Law (ICEL, 2021) states that illegal logging is categorized as an extraordinary crime. This is because the crime has a large and multi-dimensional impact on social, culture, ecology, economy and politics which can be seen from the consequences caused by illegal logging found and studied by various government and non-governmental institutions, national and international. The designation of forestry crimes as serious crimes encourages the use of various approaches in dealing with crimes (Nurhidayah & Alam 2020). The approach that is considered appropriate to follow up forestry cases as extraordinary crimes is an approach that can provide a deterrent effect. UNODC (2023) argues that criminal offenders will get a deterrent effect if the state confiscates/seizes assets resulting from criminal acts. In Indonesia, confiscation/seizure of assets from criminal acts can be done through the follow the money approach.

Indonesia since 2002 has implemented the follow the money approach with the issuance of Law No. 15 of 2002 on Money Laundering amended by Law No. 25 of 2003 which was later revoked and replaced by Law No. 8 of 2010 on Prevention and Eradication of Money Laundering (TPPU). This is in line with the statement of the Director General of Law Enforcement of the Ministry of Environment and Forestry (Dirjen Gakkum LHK). Rasio Ridho Sani, 2023 argues that law enforcement of money laundering is one of the keys to the success of recovering losses to victims, both the environment, society and the state, as well as increasing the deterrent effect for beneficiaries of the results of LHK crimes through the follow the money follow the suspects approach. Therefore, it is necessary to have multiple prosecutions, namely TPPU charges and Forestry Crimes charges for perpetrators of forestry crimes in order to provide a deterrent effect.

Based on Law No. 8/2010 on the prevention and eradication of ML, the prosecution of ML in forestry crimes is not only the responsibility of one institution, but requires collaboration between authorized and interested parties. The parties in question are investigators at the Ministry of Environment & Forestry (KLHK), KLHK investigators are investigators who are mandated to prosecute perpetrators of forestry crimes. In addition to KLHK investigators, investigators from the Directorate of Specific Crimes (Tipidter) of the Criminal Investigation Agency of the Indonesian National Police (Bareskrim Polri) are also authorized to take action against perpetrators of forestry crimes. In the Anti-Money Laundering (AML) regime, the Financial Transaction Reports and Analysis Center (PPATK) is mandated by the President of the Republic of Indonesia to conduct asset tracing (follow the money) of wealth owned by perpetrators of criminal acts, in this case TPPU perpetrators. In addition, other stakeholders in the prosecution of ML offenders in the forestry sector are Financial Service Providers (FSPs), in this case banks. Banking as the owner of the customer financial database in Indonesia is a reporting party in the AML regime if it identifies suspicious financial transactions in its customers' accounts. FSIs are also obliged to fulfill requests for financial data by PPATK, in this case the financial data of suspected perpetrators of ML in the forestry sector. In order to optimize the handling of TPPU cases in the forestry sector, it is necessary for parties to understand and follow forestry cases in the field and the impact felt by the community. Therefore, it is necessary to involve Non-Governmental Organizations (NGOs) in the prosecution of ML in the forestry sector. So that the actors who are expected to collaborate well so that the prosecution of TPPU perpetrators in the forestry sector is optimal are KLHK Investigators, POLRI Criminal Investigators, PPATK, Financial Services and NGOs.

Collaboration between the parties in question has actually been running. PPATK and KLHK have signed a Memorandum of Understanding No. PKS.10/MENLHK/SETJEN/KUM.3/10/2019 on Cooperation in the Prevention and Eradication of Money Laundering Crime in the Environment and Forestry sector (PPID KLHK, 2023). Bareskrim Polri and PPATK have also involved themselves in cooperation to form a Trans National Crime Rapid Response (TNCR2) team (News PPATK, 2021). Meanwhile, the Financial Services Institution (PJK) as the reporting party is obliged to report transactions allegedly carried out by ML offenders, in this case in the forestry sector, as stated in Article 2 of Law No. 8 of 2010 concerning the Prevention and Eradication of ML. NGOs as independent environmental and forestry observers who know the field conditions of environmental and forestry cases. Collaboration with NGOs is needed so that the parties who have the authority to enforce ML in the forestry sector know objectively about the forestry cases being handled. Unfortunately, the collaboration between the parties with an interest in law enforcement of ML in the forestry sector in Indonesia is still independent. Collaboration between parties that is still bilateral with the complexity of ML in the forestry sector which is multidimensional, results in the follow-up of ML in the forestry sector has not been optimal.

Considering the fact that there are still many cases in the forestry sector and the number of criminal offenses in the forestry sector is still high and the cooperation between the authorities in law enforcement of ML in the forestry sector is still running individually, this indicates that the weak collaboration in law enforcement of ML in the forestry sector will have an impact on whether or not the handling of ML in the forestry sector in Indonesia is optimal. On this basis, it is necessary to identify the lack of optimal integrated governance in the field of forestry ML. Thus, this identification can find the cause of the weak integrated governance in the field of forestry ML

2. Theoretical Background

Implementation of Integrated Governance in the Crime of Money Laundering
Integrated Governance known in Public Policy Science as Collaborative Governance according to Emerson et al. (2012) involves cooperation and collaboration between various parties who have interests and responsibilities in decision making and policy implementation. This opinion is in line with the definition of Collaborative Governance according to Ansell & Gash (2008) which basically means bringing together private and public stakeholders in a forum with public institutions to engage in decision making based on agreement. Stoker (2004) also expresses the same thing about Collaborative Governance which refers to the rules and forms of decision making that direct a group of people, organizations or systems within an organization. In line with the opinions of Emerson et al. (2012); Ansell and Gash (2008) and Stokes (2004); In research by Khiumayah et al. (2023) also involved various stakeholders consisting of government, non-governmental organizations, media and academics. Meanwhile, Asropi et al. (2022) conducted Collaborative Governance research involving representatives of government, private / corporate and academia.

The opinion of the experts above reveals that Collaborative Governance consists of a group of stakeholders from both private and public parties who work together to make decisions based on mutual agreement (Gronow et al., 2020). A collaboration with a form of Collaborative Governance consists of actors representing each interest from the government, private sector / companies, academics, or non-governmental organizations (NGOs). These stakeholders have common goals that are realized by mutual agreement (Ulibarri 2019).

Among the several opinions of Public Policy experts above, there is one integrated governance model that is the basis for the theory of Collaborative Governance, namely the theory according to Emerson et al. (2012). The theory according to Emerson et al. (2012) divides integrated governance into three dimensions. This division into three dimensions is Emerson et al. (2012)'s recognition that integrated governance involves complex interactions between various factors and

stakeholders. This division of integrated governance theory into three dimensions also makes it easier to describe the relationships and interactions that occur in collaborative governance systems in detail (Partelow et al., 2020). The dimensions according to this integrated governance theory start with System Context. System Context refers to external factors that influence and are influenced by collaborative governance. These factors include political, legal, socio-economic, environmental, and other aspects that can affect the dynamics of collaboration. The next dimension is Collaborative Governance Regimes (Maulana 2020).

This dimension refers to the framework that governs the relationships and interactions between stakeholders in collaborative governance. It includes rules, procedures, institutional structures, roles and responsibilities, and distribution of power in the collaboration. Another dimension is Collaboration Dynamics. Collaboration Dynamics includes the interactions and processes that occur between stakeholders in collaborative governance. Collaboration Dynamics factors such as leadership, significant incentives, interdependence, and uncertainty that can affect the course of collaboration (Dietrich et al., 2010). Furthermore, Collaboration Dynamics consists of three main components namely principled engagement, shared motivation, and joint action. Principled Engagement is the involvement of stakeholders in collaborative governance that is based on principles such as trust, mutual understanding, and openness (Clark 2021). Engagement based on these principles can help build trust and facilitate effective communication between stakeholders (Bellows et al., 2015). Shared Motivation is the same motivation among stakeholders in collaborative governance. The next component is Joint Action. Joint action is an action taken together by stakeholders in collaborative governance to achieve a common goal. This joint action can include various activities such as decision-making, program implementation, and evaluation of results. These three components are interrelated and influence each other in collaboration dynamics. Principled engagement can help build trust and facilitate effective communication, which in turn can strengthen shared motivation. Shared motivation can help sustain stakeholders' involvement in the collaboration and strengthen their commitment to the common goal, which in turn can strengthen joint action. The quality and level of collaboration dynamics can vary depending on the interactions that occur between principled engagement, shared motivation and joint action. Positive and mutually reinforcing interactions can create a virtuous cycle, where stakeholder engagement increases, shared motivation strengthens and joint action is more effective. Conversely, negative or weak interactions can hinder the progress of collaboration.

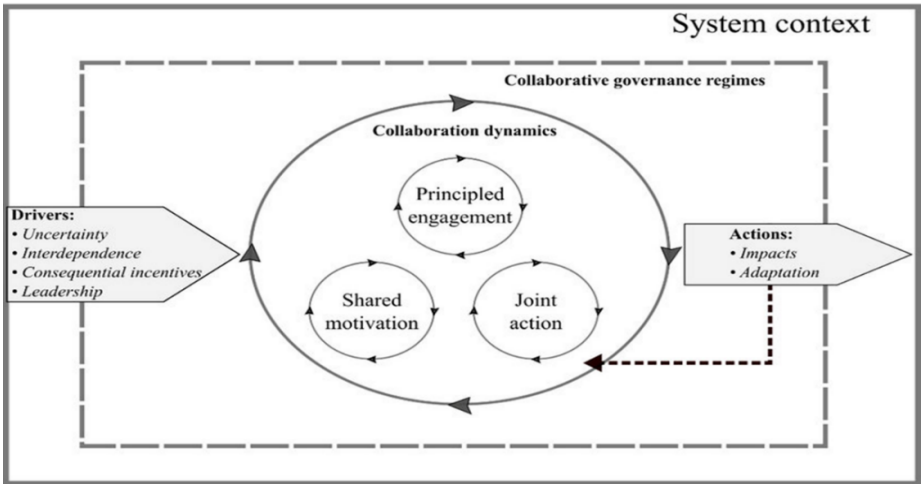

Figure 2. Theory of Integrated Governance
Source: Emerson, et al (2012)

Meanwhile, FATF (2017) provides guidance on Private Sector Information Sharing which states that effective national coordination and cooperation systems and international cooperation depend on how well different stakeholders, both in the public and private sectors interact and engage with each other and exchange information, intelligence and analysis. This suggests that cooperation between stakeholders in law enforcement against ML can also be implemented. Cooperation between stakeholders in the field of ML according to the guidance issued by FATF only aims to

exchange information between the public and private sectors and provide a conducive environment for feedback & public and private sectors as well as to share operational intelligence, information on risks and prevent, detect & disrupt the potential for financial crime. However, as the notion of Collaborative Governance implies, collaboration between stakeholders in the field of ML is also possible in the form of joint case handling as well as the development of the latest ML typology and identification of ML red flags in certain areas of crime.

Based on a book prepared by the Financial Transaction Reports and Analysis Center entitled INTRACNET: AML/CFT Public and Private Sector Partnerships in Indonesia, 2020 there are several countries that have successfully implemented integrated governance involving the public and private sectors, one of which is Australia. Australia has a program called Fintel Alliance since 2017. Fintel Alliance is a program that implements Collaborative Governance. Fintel Alliance is an anti-money laundering and terrorism financing partnership between the Australian Financial Transaction Reports and Analysis Center (AUSTRAC) as the Financial Intelligence Unit (FIU). The formation of the Fintel Alliance was motivated by the low number of proceeds of crime seized each year. Therefore, in order to increase the amount of confiscation of the proceeds of crime, it is necessary to exchange information very immediately or immediately (real time) to encourage faster and more precise handling of cases in its prosecution.

The Fintel Alliance is led by AUSTRAC and sits within the AUSTRAC organizational structure. The Fintel Alliance is industry-wide, representing a diversity of views and interests across industry, government, and academia. The Fintel Alliance's working model allows law enforcement, AUSTRAC analysts, and whistleblowers to have direct discussions on how each party can help solve cases, as well as how to improve the whistleblower's transaction monitoring system to prevent similar crimes. Whistleblowers who usually only receive limited information (e.g. only know the name of the perpetrator), with this line of discussion and communication will become more familiar with the position of the case, the role of each party, and understand the typology of transactions related to criminal acts. This can help the reporting party to identify information that can be provided quickly & precisely to AUSTRAC and law enforcement. This understanding can also help reporting parties identify red flags and establish new parameters in the AML/CFT monitoring system. This model also enhances the role of the reporting party not only as a source of information, but also as a participant in the resolution of a project. A case that was successfully resolved through the Fintel Alliance was a case on child exploitation. The case started when a Financial Services Provider (FSP), Western Union, reported a number of small credit card transactions suspected to be related to child exploitation and proposed Fintel Alliance to investigate the matter further. Western Union's proposal was approved by the Fintel Alliance. Fintel Alliance agreed to stop this child exploitation crime by combining the various data holdings of government agencies and private companies. The investigation by the Fintel Alliance used the following data:

1. Confidential law enforcement information on known and suspected offenders in Australia and Overseas (previously unavailable to many Fintel Alliance members)
2. Information from the International Justice Mission in the Philippines, and
3. Internal monitoring information from ANZ Bank and Western Union

Besides Australia, the UK also has a task force on anti-money laundering and financial crime prevention called the Joint Money Laundering Intelligence Task Force (JMLIT). JMLIT is a partnership between law enforcement agencies, government and the financial sector to exchange information and analysis related to money laundering and other economic threats. JMLIT as one of the collaborations in the prosecution of ML aims to detect, protect and disrupt money laundering crimes and other financial crimes. In the UK, JMLIT has the following functions:

1. Enable the banking sector to cooperate with law enforcement agencies in combating and preventing financial crimes.
2. Can increase understanding of the prevention and eradication of money laundering (detection).
3. Increase the defense of the banking system against financial crime (protect).

4. Quickly inform the authorities when there is a financial crime that occurs and disrupt money laundering activities and increase APH understanding of financial crime cases (disrupt).

Since its inception, the JMLIT has supported and developed more than 500 law enforcement investigations that have directly contributed to more than 130 arrests and seizures worth more than GDP13m. Through this collaboration, JMLIT's public sector banking members have identified over 500 suspect accounts linked to money laundering activities. JMLIT's public sector members have also initiated over 3,500 internal investigations and continue to develop and enhance their internal systems and controls to reduce the threat of financial crime.

The Financial Transactions and Reports Analysis Center of Canada (FINTRAC) collaborates with Financial Service Providers (FSPs), law enforcement agencies, non-governmental organizations (NGOs) and IT companies. The main purpose of this collaboration is to address issues arising in Canada's AML/CFT regime. There are 3 main reasons for the establishment of collaboration in Canada which are as follows:

1. To optimize the handling of ML and TPPT cases between public and private institutions.
2. This collaboration is able to increase reporting from the private sector / reporting parties to FINTRAC regarding priority issues in order to assist the Police and APH in investigating criminal cases.
3. This collaboration model enables Canada's AML/CFT regime to target specific criminal trends in an effective and timely manner.

One of the success stories of this collaboration was in 2015 at the Anti-Money Laundering Conference in Toronto. Timea Nagy, a survivor of human trafficking, joined the Royal Canadian Mounted Police (RCMP). Nagy emphasized the importance of mobilizing greater support in addressing human trafficking. The AML Advisory Director at BMO Financial Group pledged support and reached out to his colleagues, including FINTRAC, for help. The result was an initiative known as Project PROTECT. The project is a collaboration between the public and private sectors that targets cases of human trafficking for the purpose of sexual exploitation with a focus on the ML aspect. Human traffickers operate in many forms and use all sorts of tactics to commit and conceal their crimes. However, at least one thing in common is that it's all about the money. With that in mind FINTRAC and the major Canadian Banks are working together to develop a comprehensive list of indicators to assist businesses in identifying financial transactions and patterns of activity related to human trafficking that may give rise to potential ML.

Banks and other businesses and individuals are required by law to report financial transaction information to FINTRAC using indicators as triggers for suspicious financial transaction reports (SFTs) sent to FINTRAC in support of the PROTECT project. Indonesia through Law No. 8 of 2010 has handled ML cases through a follow the money approach. However, this follow the money approach certainly involves many parties so that collaboration between institutions must be carried out properly. The party in question is investigators at the Ministry of Environment & Forestry (KLHK), KLHK investigators are investigators who are mandated to prosecute perpetrators of forestry crimes. In addition to KLHK investigators, investigators from the Directorate of Specific Crimes (Tipidter) of the Criminal Investigation Agency of the Indonesian National Police (Bareskrim Polri) are also authorized to take action against perpetrators of forestry crimes.

In the Anti-Money Laundering (AML) regime, the Financial Transaction Reports and Analysis Center (PPATK) is mandated by the President of the Republic of Indonesia to conduct asset tracing (follow the money) of assets owned by perpetrators of criminal acts, in this case, ML offenders. In addition, other stakeholders in the prosecution of ML offenders in the forestry sector are Financial Service Providers (FSPs), in this case banks. Banking as the owner of the customer financial database in Indonesia is a reporting party in the AML regime. PJK is obliged to fulfill requests for financial data by PPATK, in this case the financial data of suspected perpetrators of ML in the forestry sector. In order to optimize the handling of TPPU cases in the forestry sector,

it is necessary for parties to understand and follow forestry cases that exist in the field and are felt by the community. Therefore, it is necessary to involve Non-Governmental Organizations (NGOs) in the prosecution of ML in the forestry sector. So that the actors who are expected to collaborate well so that the prosecution of TPPU perpetrators in the forestry sector is optimal are KLHK Investigators, POLRI Criminal Investigators, PPATK, Financial Services and NGOs.

Collaboration between the parties in question has actually been running. PPATK and KLHK have signed a Memorandum of Understanding No. PKS.10/MENLHK/SETJEN/KUM.3/10/2019 on Cooperation in the Prevention and Eradication of Money Laundering Crime in the Environment and Forestry sector (PPID KLHK, 2023). Bareskrim Polri and PPATK have also involved themselves in cooperation to form a Trans National Crime Rapid Response (TNCR2) team (News PPATK, 2021). Meanwhile, the Financial Services Institution (PJK) as the reporting party is obliged to report transactions allegedly carried out by ML offenders, in this case in the forestry sector, as stated in Article 2 of Law No. 8 of 2010 concerning the Prevention and Eradication of ML. NGOs as independent environmental and forestry observers who know the field conditions of environmental and forestry cases. Collaboration with NGOs is needed so that the parties who have the authority to enforce ML in the forestry sector know objectively about the forestry cases being handled. Unfortunately, the collaboration between the parties with an interest in law enforcement of ML in the forestry sector in Indonesia is still independent. Collaboration between the parties is still bilateral even though the crime of ML in the forestry sector is multidimensional.

Referring to the theory of integrated governance according to Emerson et al. (2012) considering the success of other countries in implementing collaboration in the field of ML in other countries and the success of implementing collaboration in Madagascar & Papua New Guinea, also by looking at the importance of forest ML law enforcement that can provide a deterrent effect, it is necessary to implement integrated governance in the enforcement of ML in the forestry sector.

This research was conducted to identify whether the issue of weak coordination and government cooperation in eradicating and preventing money laundering in the forestry sector is solely due to the government's suboptimal role or whether the suboptimal role is also contributed by the private sector/corporations and NGOs that only work according to the orders of funders. Therefore, it is important to conduct this research in order to provide an overview of the current conditions of collaboration mechanisms between stakeholders in handling cases of money laundering in the forestry sector, identify the most influential factors for weak coordination, and design effective collaboration to optimize the prevention and eradication of money laundering in the forestry sector.

3. Methodology

The method used in this research is a qualitative method, namely data collection through Focus Group Discussions (FGDs) and in-depth interviews. The results of this data collection were then combined with a desk study to strengthen the data/information obtained from FGDs and in-depth interviews. In addition, in order to make data collection more focused, before conducting FGDs and in-depth interviews, researchers have conducted urgency, seriousness and growth (USG) scoring using Bardach's policy evaluation approach. Through this scoring, the main problems in integrated governance in handling forestry ML can be identified.

After knowing the main problems in integrated governance in handling ML, researchers conducted in-depth interviews to confirm the results of the scoring that had been done previously. Based on the results of the in-depth interviews, FGDs were then conducted to strengthen the results of the in-depth interviews. In addition, researchers also conducted a desk study by collecting data that supported the research. The data collected by researchers included the number of forestry crimes followed up by forestry investigators, regulations related to forestry crimes, and other supporting data.

The data that has been collected is then triangulated by linking the desk study information/data with the results of in-depth interviews and FGDs. Whether the results of in-depth interviews and FGDs reinforce each other or contradict each other. Furthermore, the results of this triangulation are analyzed again until finally a conclusion and recommendation can be drawn.

4. Empirical Findings/Result and Dicussion

In line with the formulation of the problems in this study, the researchers started collecting primary data and information through distributing questionnaires to respondents. The questionnaire was distributed as an initial step to find out what factors, according to the respondents, were the main problems in the failure of integrated governance. Respondents of this questionnaire consisted of 54 people consisting of 12 respondents of forestry investigators of Institution 1, 12 respondents of forestry investigators of Institution 2, 10 respondents of Banking Financial Institutions, 10 respondents of FIU and 10 respondents of Forestry Social Activists from Forestry NGOs. The questionnaire results were then scored using Bardach's policy evaluation approach. Bardach through Patton & Sawicki (1986) in Mulyono and Hidayat (2022) argues that there are 4 elements of policy evaluation, namely technical feasibility, economic and financial feasibility, political feasibility, and administrative operability.

Bardach defines technical feasibility as whether or not the policy is technically feasible. This technical feasibility is seen from the provision of information needed to assess the success of the program in order to predict how likely the objectives will be achieved. In this case, there are two assessments: program effectiveness, which shows the ability to achieve policy objectives, and adequacy, which shows the possibility of solving problems based on the availability of resources. Meanwhile, economy & financial feasibility is comparing the costs incurred for a policy whether it is in accordance with the benefits generated. This relates to assessing the level of program efficiency. An efficient program is a program that is able to provide adequate results or benefits, in terms of costs and the level of success of a policy. Political feasibility is built from the point of view that policies are made in the political arena, therefore the policies taken must get support from the political process.

In this case, the political measure relates to how supported the policy is by decision makers, public officials, the public, and other sources of power involved in the political process. As a result, the measures that can be used to assess it relate to acceptability, consistency (equity), rules, and legal products that support fairness for both people and institutions (legal suitability). Administrative operability refers to the extent to which a policy can be implemented effectively by the institution or organization responsible for its implementation. In policy evaluation according to Bardach, it is important to consider whether the proposed policy can be implemented smoothly by government officials or related organizations. To find out whether or not the implementation of a policy by the implementing agency or organization is effective, it is necessary to find out things such as whether the responsible agency or organization has sufficient capacity to implement the policy; whether there are regulations or legal obstacles that can hinder policy implementation; whether the necessary financial, human and technical resources are available to implement the policy; whether there is resistance or opposition from the parties involved that might hinder policy implementation and whether the policy is in accordance with existing procedures and work culture in the implementing agency or organization.

The scoring results based on Bardach's theory are as follows:

Table 1. The scoring results

No.	Question	Administrative Operability		Political Feasibility 30%						Economic and Financial Feasibility		Technical Feasibility		Amount		
				Legal Suitability		Equity		Acceptability		Efficiency		Effectiveness				
		Rate	Percentage	Rate	Percentage	Rate	Percentage	Rate	Percentage	Rate	Percentage	Rate	Percentage	Rate	Percentage	
		30%		10%		10%		10%		10%		30%		100%		
1	Do current regulations related to forest management and conservation adequately regulate the prosecution of perpetrators of forestry crimes?	9	2.7	9	0.9	9	1	9	0.9	9	1	9	2.7	54		Drivers
2	Are the verdicts in line with investigators' expectations? Forestry cases prosecuted for ML <50%	9	2.7	9	0.9	9	1	9	0.9	8	1	9	2.7	52		Principled Engagement
3	Is the strategic plan sufficient to follow up on forestry cases?	9	2.7	9	0.9	9	1	9	0.9	8	1	8	2.4	52		Principled Engagement
4	Is the number of forestry investigators sufficient in handling forestry cases?	9	2.7	8	0.8	8	1	8	0.8	9	1	8	2.4	50		Resources
5	Is the training sufficient to increase the competence of forestry investigators?	9	2.7	8	0.8	8	1	8	0.8	8	1	8	2.4	49		Resources

The results of the respondent survey identified several issues that pose challenges to the successful implementation of integrated governance in handling ML in the forestry sector, namely:

a. Regulations related to forest management and conservation do not sufficiently regulate the prosecution side for perpetrators of forestry crimes. (Driver)
b. The number of forestry cases that are also subject to ML has not met the expectations of investigators, so many investigators are of the opinion that there is no need to charge ML for forestry crimes. (Principle Engagement)
c. The current strategic plan only applies to each agency. There is no holistic strategic plan that involves all actors. (Principle Engagement)
d. The number of forestry investigators is still limited compared to the potential for forestry cases in Indonesia. (Resources)
e. Training organized for forestry ML investigators is still limited and not enough to meet the capability gap of PPNS related to Forestry ML. (Resources)

By basing the System Context dimension on the Collaborative Governance theory according to Emerson et al. (2012), the system context consists of Principled Engagement, Sharing Motivation and Joint Action. From the scoring of the questionnaire above, the author gets the result that each respondent already has a shared motivation and also the desire to make a breakthrough together (joint action) to optimize law enforcement in this case the prevention and eradication of ML in the forestry sector. Based on the results of the survey of respondents, researchers did not include sharing motivation and joint action as issues that determine the success of integrated governance in the field of ML in the forestry sector. Instead, we will focus on the Drivers and Principled Engagement elements. In addition to these two factors, researchers will also explore the availability of resources. Although resources are not specifically mentioned in Emerson et al. (2012) theory of Collaborative Governance, respondents were of the opinion that resources are one of the issues affecting the success of integrated governance.

Referring to the main problems in integrated governance for handling ML, the form of integrated governance in handling ML to optimize forestry law enforcement is as follows:

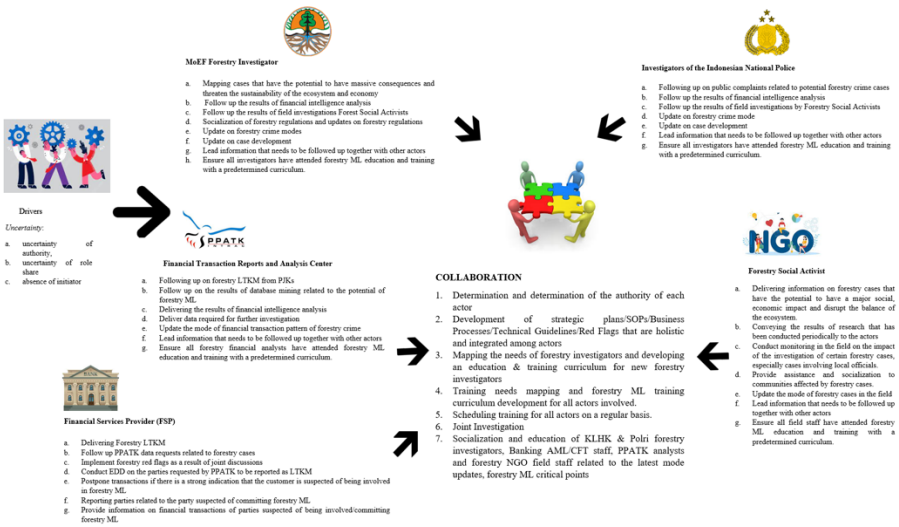

Figure 3. Scheme of Integrated Governance in Handling Forestry ML

The figure above shows an integrated governance scheme in handling forestry ML. This governance starts from the awareness of each actor that there is uncertainty in the division of roles, uncertainty in the boundaries of authority and the absence of an initiator who initiates collaboration causes the handling of forestry ML in Indonesia to be unoptimized. Therefore, before starting integrated governance for handling forestry ML, it is necessary to create a public umbrella that contains the division of roles and determination of the authority of each actor. Then a strategic plan needs to be developed that is holistic and integrated and involves all actors, including determining the business process for handling forestry ML cases and their follow-up. Preparation of SOPs, as well as identification of red flag transactions commonly used in the forestry ML crime mode. Next, to optimize and improve the capability of forestry investigators, it is necessary to identify the needs of forestry investigators and develop a training and education curriculum on forestry ML that is adjusted to the division of roles of each actor. After the curriculum is developed, it is necessary to develop a schedule for education and training for forestry investigators, PPATK analysts, Anti-Money Laundering staff of Financial Services Institutions and researchers at Non-Governmental Organizations concerned with forestry cases.

This education and training is tailored to the duties and roles of each in integrated governance. Joint analysis for cases that are massive in nature and have a significant impact on forest ecosystems, the community's economy and involve regional officials/officials at certain institutions. Periodically conduct socialization and education for forestry investigators, PPATK analysts, APU PJK staff and NGO researchers regarding updates on the latest forestry ML modes and critical points for handling forestry ML cases. After the legal umbrella for the establishment of integrated governance for handling forestry ML, the roles and authorities of the actors will be determined as in the table above. The determination of roles and authorities will be implemented as a business process flow as in the table below.

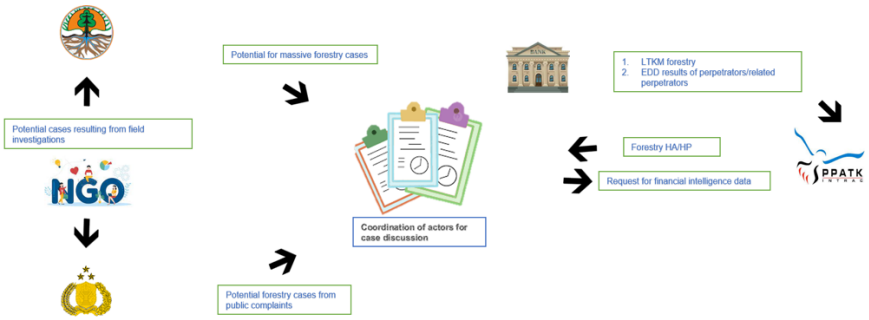

Figure 4. Integrated governance business process for Joint Analysis of forestry ML handling

The integrated governance business process for Joint Analysis of forestry ML handling starts from several case triggers. The cases handled can come from the results of identification mapping from KLHK, cases originating from public complaints submitted to the National Police, or cases originating from the Analysis Results / Audit Results of PPATK financial transactions. Forestry NGOs can also submit cases to be followed up with joint analysis. However, the case must first be submitted to the forestry investigator, in this case the MoEF or the National Police, depending on which investigator handles the case first. Furthermore, the case will be discussed together with the actors in a coordination that can be done regularly at least once a week or can be done at any time if needed. From the results of this coordination, it will be determined what data/information is needed to follow up on the case. The necessary data/information will be followed up by the authorized actors, for example, requests for financial transaction data will be requested to PJK through PPATK.

Data/information/evidence will be collected by forest investigators assisted by field data/information from forestry NGOs. If strong evidence is found, investigators will proceed with the investigation. Forestry investigators who follow up on cases are obliged to provide progress on case handling to other actors so that other actors can support data/information again to support the acceleration of case handling. After strong evidence is found, the case is ready to be submitted to the public prosecutor. In the prosecution process until the trial, investigators are required to follow the trial and update the progress of the trial to other actors. If the trial progress still finds facts/data, other actors can help to provide the information/data according to their authority.

5. Conclusions

From the results of this study, it can be concluded that the non-optimality of the handling of forestry ML so far is due to integrated governance in handling forestry ML that has not gone well. This occurs because of the following: a) There is no clear certainty of authority between actors, no certainty of division of roles and no main initiator that initiates integrated governance in handling ML. b) There is no trust, understanding and openness between actors. The lack of these elements has made actors unsure and distrustful of the cooperation offered by other actors. c) The limited resources and capabilities of the actors in handling forestry ML are another reason why this form of integrated governance in handling forestry ML is not yet optimal.

In handling forestry ML, it is not enough to use Emerson et al. (2012) theory of integrated governance. The research found that resources are an important factor that must be addressed prior to the start of integrated governance in handling forestry ML. Resources are not specifically described in Emerson et al. (2012) theory.

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