



# Ocean Accounts – Understanding the Impact of Public Finance Investments

## Key messages

- Ocean accounts provide an integrated view of the ocean's role in the economy, environment, and society. This helps governments make better investment decisions to improve ocean health and reduce associated risks.
- Ocean accounts help us to understand the impact of public finance investment in the ocean by providing data that can be used in Value for Money (VfM) assessments.
- VfM ensures that public money is used in a way that maximises public value, where public value covers economic, social and environmental impacts.
- The Development Aid Committee (DAC) assesses VfM against six principles. Ocean accounts support the evidence underpinning five out of six of these principles.
- Ocean accounts are helpful to reduce risks related to an intervention by minimising the risk of low or no positive ocean health impact and spotting risks of the intervention.
- The social accounts element of ocean accounts allows for a comprehensive assessment of gender and social equity implications of ocean health investments.

## Summary

Ocean accounts are integrated records that compile and compare data on ocean environment assets, economic activities, and social conditions. They follow a structure like national accounts and are compatible with various international statistical frameworks.<sup>1</sup> By providing a holistic view of the ocean's role in the economy, environment, and society, ocean accounts can help governments understand the impact of public finance investments in the ocean and this can lead to better investment decisions that improve ocean health and reduce associated risks.

## What are included in ocean accounts?

Ocean accounts integrate four key components, listed below, which integrate data on economic, environmental and social considerations. By combining these components, ocean accounts offer a comprehensive view of how the ocean contributes to and is affected by economic activities and social conditions. This integration is

crucial for understanding the broader impacts of public finance investments in the ocean.

1. Macro-economic Accounts: Derived from national accounts, these measure economic activities such as Gross Domestic Product (GDP) and include legal, illegal, unreported, and unregulated activities.
2. Environmental-economic Accounts: These accounts explain assets and flows, wastes, expenditures, taxes, and subsidies related to the ocean.
3. Ecosystem Accounts: These provide a spatial framework to assess the extent, condition, services, and value of ocean ecosystems.
4. Structured Data: This includes information on ocean beneficiaries, technology, governance, and management.

## What is public finance and how is it used to invest in ocean health?

Public finance refers to the collection of public revenue and spending of public money. Governments collect revenue and spend money for two main purposes: to finance the goods and

<sup>1</sup>Found at: <https://www.oceanaccounts.org/what-are-ocean-accounts/>



services they provide to society and to fulfil a redistributive role (i.e., to address inequalities and ensure a fair distribution of resources). See GOAP Subject Brief 802.1 for detail on public finance.

There are different tools to spend public finance on the ocean. Governments can allocate spend for the ocean in their national budgets, enabling investments in ocean health and sustainable development. Hypothecation (reserving revenue generated, e.g., from a tax, for expenditure in a specific area of public spending) can also be used. For example, a government could collect revenue from an ocean environmental tax and hypothecate (reserve) it to be spent on ocean conservation activities. Governments can also subsidise activities that promote ocean health and sustainable development.

Through these spending mechanisms, governments can invest in various ocean-related projects with the aim of improving ocean health, that in turn supports economic growth and wider community benefits. However, it is important governments understand the impact of these investments to ensure they are spending public money well.

Examples of public spending on ocean health include:

**Marine Protected Areas (MPAs):** Establishing and managing MPAs to conserve biodiversity and protect critical habitats from pressures.

**Sustainable Fisheries:** Investing in sustainable fishing practices to ensure long-term fish stock viability and support fishing communities.

**Plastic pollution initiatives:** funding projects to reduce plastic waste in the ocean, such as public awareness campaigns.

## How can ocean accounts help us to understand the impact of public finance investment in the ocean?

### Value for money

Ocean accounts help us to understand the impact of public finance investment in the ocean by providing data that can be used in Value for Money (VfM) assessments. VfM is a concept about

maximising the impact of each unit of currency spent and is therefore a critical tool for any public investment. It is also a tool used to assess non-government finance investments such as grants.

VfM ensures that public money is used in a way that maximises public value, where public value covers economic, social and environmental impacts. VfM assessments can be done before an investment is made to help choose between investment options or after an investment for evaluation purposes and to learn how to maximise impact for future investments. It therefore helps identify successful interventions and areas needing improvement. The Development Aid Committee (DAC) assesses VfM against the principles listed below (OECD, 2019). Ocean accounts support the evidence underpinning five out of six of these principles, as detailed in the boxes below.

**Relevance:** is the intervention doing the right thing? Is it meeting the needs, priorities and policies of the country?

Ocean accounts help answer this question as they show the impact of the intervention over time through economic, social and environmental data. This ocean accounts data can be checked against the needs, policies and priorities of the country to ensure the intervention is relevant. For example, if the country has certain ocean health priorities, the ecosystem account could be used to ensure that the intervention is meeting these.

**Coherence:** how well does the intervention fit with other interventions in a country, sector or institution?

Ocean accounts can go some way in answering this question. For example, structured data on ocean governance could allow for consideration of existing ocean interventions e.g., the number of MPAs being managed. This allows new interventions to be designed in a way that complements existing interventions, avoiding duplication and the reduction of other impacts. Ocean Accounts should be paired with other tools and analyses such as a Blue Public Expenditure Review to gain a full picture. See GOAP Subject Brief 804.1 for more detail on Blue Public Expenditure Reviews.



**Effectiveness:** is the intervention achieving its objectives? This should include any differential results across groups of the economy or people.

Ocean accounts help answer this question as they show the impact of the intervention over time through economic, social and environmental data. This can then be checked against the intervention’s environmental, economic or social objectives. Ocean accounts allow different groups to be considered, for example, the economic and social accounts allow for different sectors and demographics to be considered respectively. This allows the differential results across groups to be assessed. For example, an ocean health intervention could have an objective of providing long lasting benefits to coastal communities, the social account can then allow for the impact of the intervention on coastal communities to be assessed.

**Efficiency:** how well are resources (time and economic) being used?

Ocean accounts are not applicable to this principle.

**Impact:** what social, economic, and environmental difference does the intervention make?

Ocean accounts help answer this question as they show the impact of the intervention through economic, social and environmental data. They allow the impact of the intervention to be identified and tracked over time. For an ocean health intervention, the impacts will be spread across all three dimensions and therefore the consideration of integrated social, economic and environmental evidence is critical. For example, if the intervention involved the creation of a MPA, there would be:

1. environmental impacts, such as improved ecosystem condition and extent that would be tracked through the ecosystem account.
2. social impacts, such as improved health of communities from the securing of long-term benefits provided by the ocean (e.g., these

long-term benefits could be continued protection of their housing from floods if the MPA preserved habitats that provided coastal flood protection).

3. economic impacts such as a change in job opportunities (e.g., there may be a reduction in jobs from extractive industries if the MPA were to stop these activities, but an increase in jobs from coastal tourism where the MPA could attract visitors in its own right).

**Sustainability:** will the benefits of the intervention last?

Ocean accounts help answer this question as they use economic, social and environmental benefits to be tracked over time and therefore conclusions on the timeframe of benefits can be made. Governance data can also be used to assess whether the governance is supportive of long-term benefits.

Ocean accounts provide comprehensive data that allows VfM to be assessed robustly. It allows environmental and social impacts from a policy intervention to be assessed where often these are de-prioritised over economic impacts. This is particularly important for ocean health investments as ecosystem accounts will be central to confirming whether a project will be or has been VfM.

### Reducing risks

There are two channels in which ocean accounts are helpful to reduce risks related to an intervention:

1. Minimising the risk of low or no positive ocean health impact - A key use of ocean accounts is to ensure that ocean investments yield significant positive outcomes for ocean health where VfM assessments, underpinned by ocean accounts, help in minimising the risk of ineffective spending. By providing detailed data on various aspects of the ocean environment and related economic activities and social conditions, ocean accounts allow policymakers to identify and prioritise investments that are



most likely to achieve beneficial results, thus reducing the risk of investments that fail to deliver positive outcomes.

2. Spotting risks of the intervention - Ocean accounts play a crucial role in identifying potential risks associated with specific interventions. For example, establishing an MPA can have significant positive impacts on biodiversity and ecosystem health, but it might incur negative impacts (e.g., it could negatively impact local communities that rely on activities that will be stopped within the MPA). By analysing ocean accounts, policymakers can identify who might be adversely affected by such interventions and how this might take place. This information allows policymakers to design mitigation strategies to address potential negative impacts, ensuring that the benefits of ocean health investments are equitably distributed, and that vulnerable individuals or communities are not disproportionately affected.

### Gender and social equity impacts

The social accounts element of ocean accounts allows for a comprehensive assessment of gender and social equity implications of ocean health investments. This supports more inclusive and equitable decision-making as it provides information on how different social groups benefit from, or are impacted by, these investments – it allows investments to be designed to meet the needs of all society, including vulnerable groups. For example, an investment in sustainable fisheries could be tailored to support both men and women in fishing communities, addressing specific challenges faced by each group and promoting gender equality.

Ocean accounts enable localised decision-making by integrating detailed local data into broader macroeconomic frameworks, ensuring that the unique needs and circumstances of local communities are considered in policy development and implementation. By involving local stakeholders in the decision-making process, policymakers can ensure that ocean health investments are more relevant, effective, and equitable. This fosters social inclusion and

empowers communities to participate in the management of ocean resources, enhancing the impact, sustainability and effectiveness of these investments.

Community-based social management of ocean health recognises that the health of the ocean and the well-being of local communities are intrinsically linked. This holistic approach ensures that investments in ocean health contribute to the overall well-being of communities, enabling a positive feedback loop where healthy oceans support healthy people and vice versa.

### Relevance for debt instruments

**Debt-for-Nature Swaps:** are financial arrangements in which a portion of a developing country's foreign debt is forgiven in exchange for local investments in environmental conservation projects, such as ocean conservation projects. Ocean accounts provide the data and monitoring tools to ensure that these investments are effectively implemented and create the desired environmental benefits. By tracking the impacts of debt-for-nature swaps on ocean health, ocean accounts help ensure that these financial instruments contribute to sustainable ocean development and biodiversity conservation and offer a mechanism to report in a standardised way on the impact of these measures.

**Blue Bonds:** a version of a traditional financing instrument where funds raised are reserved for projects that invest in ocean-based projects that have positive environmental, economic, and social benefits. The Monitoring, Reporting, and Verification (MRV) system can be supported by ocean accounts through comprehensive data on economic activities, environmental impact, and social conditions, allowing transparency and accountability in the use of blue bonds and ensuring that investments lead to meaningful and measurable improvements in ocean health.

### References

- OECD 2019, Evaluation Criteria: Adapted Definitions and Principles for Use. [https://one.oecd.org/document/DCD/DAC\(2019\)58/FINAL/en/pdf](https://one.oecd.org/document/DCD/DAC(2019)58/FINAL/en/pdf)

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