A public expenditure review (PER) is a diagnostic tool widely used to examine the allocation and management of public spending and evaluate its effectiveness. A Blue PER assesses how public expenditures address issues related to coastal and marine resources, environmental degradation, and development aspirations that depend on these blue resources and environments.

A Blue PER does not function on its own to develop a strategy to achieve a Blue Economy, but its analytical findings can serve to motivate central agencies to allocate political capital, reform efforts, and financing to the sector.

PROBLUE recently published a Guidance Note to help countries address **six key questions** when conducting a Blue PER. This is a strategic tool that will support sustainable economic growth through ocean-related sectors and activities while improving ocean health:

1. **Scope**: What is the scope of the review?
2. **Data collection and analysis**: How much does the government spend and on what?
3. **Adequacy and sustainability**: How much is spent now and what can be afforded in the medium and long term?
4. **Efficiency**: Are public resources being used efficiently and effectively?
5. **Accountability**: Is the public financial management system set up to enhance financial accountability?
6. **Equity**: Does the public spending promote equity?
QUESTION 1: **WHAT IS THE SCOPE OF THE REVIEW?**

This question helps define the review’s objectives and scope, including the key policy questions it addresses and whether the review takes a narrow (coastal and marine-specific activities only) or wide focus (non-coastal and marine activities that affect the potential for a Blue Economy).

Addressing this question will give an overview of coastal and marine issues, identifying current economic conditions, relevant actors and stakeholders, and institutional context. Previous relevant PERs and data sources and analytic methods will also come to light.

QUESTION 2: **HOW MUCH DOES THE GOVERNMENT SPEND AND ON WHAT?**

The Blue PER determines total public expenditures on coastal and marine issues as a share of GDP and of public expenditure, over several years, breaking them down by program and type of spending, and by investments and recurrent costs. It identifies the key financing sources, including private and state-owned enterprises, and the revenues generated within the sector itself. Finally, the Blue PER clarifies the budget process and any legal and policy constraints that may exist.

QUESTION 3: **HOW MUCH IS SPENT NOW AND WHAT CAN BE AFFORDED IN THE MEDIUM AND LONG TERM?**

The Blue PER helps assess whether public expenditures are adequate for the government’s objectives. Other countries’ experience may serve as comparators, as well as studies that include data on blue natural assets. The Blue PER should provide a rationale for public interventions in coastal and marine sectors, including any that were market failures. Countries should also analyze macroeconomic projections, pros and cons of earmarking for blue programs, innovative financing, and how best to determine which expenditures should be public and which private.
QUESTION 4: **ARE PUBLIC RESOURCES BEING USED EFFICIENTLY AND EFFECTIVELY?**

This aspect shows whether blue expenditures bring “value for money,” that is, obtain the maximum benefit over time with the resources available. It also looks into allocative efficiency (how public expenditures are allocated across sectors and whether re-allocations would maximize results) and technical efficiency (whether resources are achieving the best outcomes at least cost).

QUESTION 5: **IS THE PUBLIC FINANCIAL MANAGEMENT SYSTEM SET UP TO ENHANCE FINANCIAL ACCOUNTABILITY?**

Countries should analyze the public financial management (PFM) processes—such as budget release, funds flow, and internal controls—and potential weaknesses in spending capacity. In addition, countries should review laws, policies, and procedures that govern the actions of public officials and organizations. This review will help assess countries’ capacity and draw conclusions on what reforms are needed. Accountability can be evaluated by studying the PFM legal framework (adequacy of laws, policies, and procedures), capacity at central and decentralized levels, and institutional set-up.

QUESTION 6: **DOES PUBLIC SPENDING PROMOTE EQUITY?**

The Blue PER explores the fundamental responsibility of the state to ensure equity and manage redistribution of public resources in coastal and marine sectors. It asks whether the government spends its budget to promote equity in blue activities and how households are responding to public policies.
A Blue PER can be a valuable tool for countries on their journey to a Blue Economy, whether they are merely exploring the concept or are on an established path with a set strategy. In light of the growing need to quantify environmental impacts in financial terms, it is especially important to better make the case for sustainable development. The ultimate goal is that tools such as Blue PERs will help drive countries’ blue sectors toward better environmental practices and management, supporting long-term, healthy development agendas.

Read the full guidance note

Blue Economy is defined by the World Bank Group as the sustainable and integrated development of economic sectors in healthy oceans.

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PROBLUE is an umbrella multi-donor trust fund, administered by the World Bank, that supports the sustainable and integrated development of marine and coastal resources in healthy oceans.

This publication is intended to support Bank staff and its clients involved in the MSP process.