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## Blue Economy and Financial Transparency: An Accounting Perspective

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Received: April, 2025; Accepted: April, 2025; Published: June, 2025

Permalink/DOI:

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### Abstract

*The blue economy concept has become a strategic approach in promoting sustainable economic growth through the utilization of marine resources. However, traditional accounting practices have not been able to fully represent the ecological value and long-term risks of ocean-based economic activities. This research aims to assess the limitations of conventional accounting systems and examine the importance of integrating the System of Environmental-Economic Accounting (SEEA) framework and IFRS Sustainability Disclosure Standards in supporting the financial transparency of the blue economy sector. Using a descriptive qualitative method through literature review, this study found that strengthening regulations, disclosure of environmental risks, and the strategic role of accountants are essential in building an accountable financial reporting system that supports sustainability goals. The results recommend updating the accounting framework and actively engaging stakeholders to promote accountability in the marine and fisheries sector in a sustainable manner.*

**Keywords:** Blue economy, Environmental accounting, Financial transparency, SEEA, Sustainability IFRS

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## INTRODUCTION

In recent years, the concept of the blue economy has gained prominence as a strategy to harness the ocean's economic potential while ensuring environmental sustainability. Broadly defined as the sustainable use of ocean resources for economic growth, improved livelihoods and employment while maintaining the health of marine ecosystems, the blue economy intersects with a range of sectors including fisheries, marine transportation, coastal tourism, renewable ocean energy and marine biotechnology (World Bank, 2017). As countries and companies increasingly engage with ocean-based industries, the need for financial transparency and robust accounting practices becomes even more important.

While the blue economy holds promise, its development raises important questions regarding how ocean-related financial activities are recorded, reported and valued. Traditional accounting frameworks largely ignore the valuation of ocean ecosystem services, the environmental costs of ocean exploitation and the long-term risks of unsustainable practices. Integrating environmental accounting and transparent financial disclosure mechanisms into blue economy initiatives is therefore critical to aligning economic goals with global sustainability objectives (UNCTAD, 2020).

This article discusses the link between blue economy governance and financial transparency, arguing for the need to evolve accounting standards to cover ocean-based economic activities. The paper analyzes the current limitations in accounting for ocean capital, reviews international frameworks such as the System of Environmental-Economic Accounting (SEEA) and IFRS Sustainability

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Disclosure Standards, and proposes policy and regulatory pathways to improve accountability and investor confidence in the blue economy sector.

However, the application of environmental accounting principles in the blue economy still faces structural and institutional challenges, especially in developing countries. Many marine and fisheries companies do not yet have the capacity to compile sustainability reports that reflect the ecological impacts of their operations. In addition, the absence of clear legal obligations and incentive systems that encourage the adoption of ESG (Environmental, Social, and Governance) reporting standards also slows down the integration of environmental information into financial reports. As a result, many economic activities that exploit marine resources continue without adequate accountability for the environmental damage caused.

In this context, the role of accountants is becoming increasingly strategic. Accountants not only function as preparers of financial statements, but also as facilitators in building transparency and accountability based on sustainability. They have the capacity to develop recording systems that can capture environmental costs, measure ecological risks, and present non-financial information relevant to decision-making. With the right regulatory support and an updated accounting education curriculum, the profession can play a central role in bridging economic and environmental interests, making the blue economy not just a vision, but a real pillar of sustainable development.

## **METHOD**

This research uses a descriptive qualitative approach, which aims to provide an in-depth understanding of the relationship between the blue economy and financial transparency from an accounting perspective. This approach is considered appropriate because the issues studied are conceptual and normative, and require exploration of theories and practices that have not been fully standardized in the conventional accounting system (Creswell, 2014). The research was conducted using the library research method, which examines various secondary literature such as scientific journals, reports of international institutions, accounting standards, government policies, and academic documents related to the blue economy and sustainable financial reporting.

The main sources analyzed in this study include documents from the United Nations Statistical Commission (2014) regarding the System of Environmental-Economic Accounting (SEEA), which is a global reference for integrating environmental and economic data in national statistical systems, as well as standards from the IFRS Foundation (2023), namely IFRS Sustainability Disclosure Standards which contain guidelines for business entities in preparing financial statements that reflect aspects of sustainability, including environmental and social risks. In addition, data and information were also obtained from publications of international organizations such as the World Bank (2017) and UNCTAD (2020) that discuss the potential, challenges and policies related to the development of the blue economy in various countries.

One of the main focuses in this review is the System of Environmental-Economic Accounting (SEEA) framework published by the United Nations Statistical Commission (2014). SEEA offers an integrative structure to link environmental and economic data in one consistent national statistical system. This research also examines the IFRS Sustainability Disclosure Standards (IFRS Foundation, 2023), which provide guidance on accounting-based sustainability reporting, covering aspects of environmental, social and governance (ESG) risks.

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These two frameworks provide an important basis for building a transparent and accountable reporting system, especially in the context of economic activities that depend on the sustainability of marine resources.

Furthermore, data sources are also obtained from publications of global organizations such as the World Bank (2017) and UNCTAD (2020), which discuss many global dynamics, challenges, and policies related to the implementation of the blue economy. By combining theoretical approaches and global policy documentation, this research is expected to make an academic contribution in filling the literature gap on environmental accounting issues in the marine sector, as well as offering policy directions to improve accountability and investor confidence in the sector. The validity of the findings is maintained by source triangulation and critical analysis across documents to ensure consistency and relevance to the research objectives.

## **RESULTS AND DISCUSSION**

The blue economy presents new challenges to the accounting world due to its complex characteristics and highly intertwined environmental aspects. One of the key issues is the limitation of traditional accounting frameworks in capturing the economic value of marine ecosystem services as well as the environmental impacts of marine resource exploitation. Aspects such as the value of biodiversity, the costs of environmental degradation and the long-term risks of practices such as overfishing and marine pollution have not been accommodated in conventional financial statements. This creates a significant information gap between companies and stakeholders, and makes it difficult for investors and regulators to evaluate long-term operational risks and sustainability.

The integration of System of Environmental-Economic Accounting (SEEA) is becoming increasingly important in this context. SEEA is designed to systematically link economic and environmental data, enabling countries and organizations to more accurately assess the economic contribution of natural resources and ecosystem services. In the marine sector, this includes measuring the economic value of marine protected areas, mangrove protection and blue carbon stocks. The framework offers a multidimensional approach that can complement traditional financial reporting and increase the visibility of environmental impacts in economic performance.

In addition to SEEA, the adoption of IFRS Sustainability Disclosure Standards also plays an important role in promoting transparency and accountability. These standards provide comprehensive guidance for companies to disclose non-financial information, particularly relating to environmental, social and governance (ESG) risks. Such information is particularly relevant to investors who are beginning to shift their focus to more responsible business practices. The implementation of these standards helps companies build a better reputation, attract sustainable investments, and create synergies between financial performance and socio-environmental responsibilities.

However, the implementation of this sustainability reporting framework still faces various challenges, especially in developing countries such as Indonesia. Limited technical capacity, lack of awareness of the importance of ESG reporting, and the absence of strict regulatory obligations are the main obstacles. Therefore, strong regulatory and policy support from the government is needed, such as fiscal incentives for companies that implement sustainable reporting, as well as mandatory environmental audits as part of national accounting standards. With the right regulations, the blue economy sector can more easily transition towards

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sustainability-oriented practices.

In the transformation towards an inclusive and environmentally friendly financial reporting system, the accounting profession plays a very important role. Accountants are not only tasked with recording transactions and preparing financial reports, but also becoming agents of change in the preparation of credible sustainability reports based on scientific data. In the future, accountants are expected to be able to bridge the gap between the economy and the environment by integrating environmental accounting principles in corporate reporting, while encouraging decision making based on social and ecological responsibility.

## **CONCLUSION**

The blue economy is a promising development approach, with great potential to drive economic growth, create jobs, and maintain the sustainability of marine ecosystems. However, this potential can only be optimized if supported by transparent and accountable financial reporting and governance systems. This research identifies that traditional accounting frameworks have not been able to accommodate the complexity and environmental value of ocean-based economic activities. This has led to significant information gaps in financial reporting, particularly in relation to biodiversity values, environmental costs and long-term risks to marine ecosystems.

The integration of System of Environmental-Economic Accounting (SEEA) and IFRS Sustainability Disclosure Standards is a strategic step to overcome these limitations. These two frameworks provide a more comprehensive approach to recording, assessing and reporting sustainability-relevant information. In addition, regulatory support from governments and standards bodies is needed to encourage comprehensive sustainability disclosures, including through mandatory environmental audits and incentives for companies that implement sustainability-based reporting.

The role of accountants in this context is vital. They are not only financial reporters, but also agents of change who bridge financial information with environmental and social issues. Accountants' ability to apply environmental accounting principles and analyze ecological risks will be key in building a financial system that is in line with sustainable development goals. Thus, the transformation towards financial transparency in the blue economy is not only necessary, but also urgent to create an inclusive and sustainable future for the ocean economy.

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