



**RESOURCE**

# Guidelines for the economic analysis of water supply project

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**Description / Abstract**

The guidelines present the main principles, concepts, and procedures applied in the economic analysis of water supply projects, and are based on and consistent with the Bank's Guidelines for the Economic Analysis of Projects.

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The guidelines provide a general methodological framework and are prepared for

- mission leaders who need to understand the basic concepts and major methodological steps in the economic analysis of water supply projects;
- project economists, financial analysts, and staff consultants who are mission members and who need to conduct sound economic analysis, and demonstrate the financial sustainability and economic viability of water supply projects; and
- consultants working on project preparatory technical assistance who are responsible for carrying out the economic analysis at the feasibility stage.

Economic analysis generally aims to improve the social well being of society in terms of income or consumption by encouraging the efficient use of resources. Financial viability and project risks are also assessed to test the sustainability of service delivery and economic benefits. These analyses are carried out in conjunction with social, technical, institutional, and environmental analyses prior to project appraisal and when necessary throughout the project cycle.

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## Evaluating Water Investments

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