



**A CRITICAL REVIEW OF MOBILIZATION
ADVANCE PAYMENT AND CONTRACTORS'
CASH FLOWS.**

MASTER OF BUSINESS ADMINISTRATION
IN PROJECT MANAGEMENT

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Abstract

This research addresses the determination as to whether the Mobilization Advance Payment is actually necessary in the Sri Lankan construction industry, its effect on contractors' cash flow and whether it is a motivation for the contractors. Accurate cash flow forecasting is essential to all contractors in the construction Industry for successful operation and existence in the long run.

At initial stages of a project the cash flow aspect of the contractor is negative. The main role of project financing is to cover up this negative flow in a beneficial, cost effective manner. Mobilization Advance Payment enhances the quality and productivity in the construction industry. It improves the performance and cost efficiency of the contractors as well as the clients.

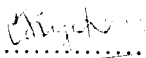
Cash data in relation to thirty projects were collected. Three criteria, no Mobilization Advance, 20% of the initial contract sum as the Mobilization Advance paid at the inception of the project and 20% of the initial contract sum as Mobilization Advance given in stages, were identified to determine the differences in the effects of cash flow. The effect of these different criteria on the cumulative cash flow was examined. Further Scheduled Performance Index was calculated for further analysis.

Results show and confirm that Mobilization Advance Payment has a big bearing on the contractors' existence and their motivation towards attaining objectives of the project. Research confirms that Mobilization Advance Payment is a necessity in the Sri Lankan construction industry. Further it can be confirmed that the provision of Mobilization Advance Payment is very essential for the Sri Lankan contractors.

Key Words: Mobilization Advance Payment, Cash Flow, Stage Payments, Scheduled Performance Index

Declaration

“I certify that this thesis does not incorporate without acknowledgement any material previously submitted for a degree or diploma in any University to the best of my knowledge and belief it does not contain any material previously published, written or orally communicated by another person or myself except where due reference is made in the text. I also hereby give consent for my dissertation, if accepted, to be made available for photocopying and for interlibrary loans, and for the title and summary to be made available to outside organizations”


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(Dr. Asoka Perera)

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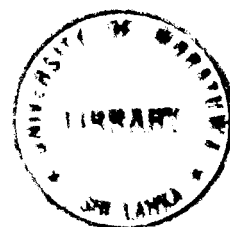
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List of Abbreviations

BOQ :	Bill of Quantities
ICTAD:	Institute for construction Training and Development
MAP:	Mobilization Advance Payment
PC:	Prime Cost
QSS:	Quantity Surveyors
SBD:	Standard Bidding Document
S-curve:	Sigmoid curve
SPI:	Scheduled Performance Index



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