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**US Army Corps  
of Engineers®**

Middle East District  
<https://www.tam.usace.army.mil/>

# Advance Payments & Mobilization Costs

We understand it is common practice in the Middle East for construction contractors to receive advance payments for start-up costs before construction actually begins. The U.S. Army Corps of Engineers (USACE) does not make such payments.

## **DFARS 252.236-7004 - Payment for Mobilization and Demobilization:**

While USACE does not make advance payments, USACE may pay a lump sum for the costs of mobilization and demobilization of equipment as contained in your proposal. USACE may pay up to 60% of the amount allocated in the proposal to the mobilization/demobilization contract line item when the contractor completes mobilization at the worksite. The remaining 40% is paid when demobilization is complete. Each solicitation and awarded contract will include DFARS 252.236-7004, Payment for Mobilization and Demobilization, that will address how mobilization and demobilization costs are handled for that particular procurement.

## **FAR 15.404-1(g) – Unbalanced Pricing:**

It is important to understand that USACE solicitations will ask you to break out your mobilization and demobilization costs into a single priced contract line item number (CLIN). As part of proposal analysis, the Government will review your price proposal, including the costs for your mobilization and demobilization CLIN. One thing the Government analysis is looking at is whether your proposal is balanced, as described in FAR 15.404-1(g). The Government conducts a balance analysis to ensure that the schedule is not front-loaded, shifting cost to the beginning of the project, instead of evenly spreading relevant cost over the entire project. The determination that a proposal is unbalanced may be made when an offeror's mobilization/demobilization cost is priced high compared to the IGE and the mobilization/demobilization cost represented a higher percentage of their offer than the average. When preparing a proposal, contractors are permitted to include only costs for mobilization and demobilization in this CLIN. No other costs may be included in this CLIN. A contractor may be asked to provide justification for its proposed costs if the Contracting Officer believes them to be inflated or unreasonable relative to normal costs of mobilization and demobilization. If the Contracting Officer is unsatisfied with the justification, this can be a reason for the Contracting Officer to find the proposal unawardable and exclude the contractor from competing for the contract award.