

**SUBPART 219.71—PILOT MENTOR-PROTEGE PROGRAM**

*(Revised December 15, 2004)*

**219.7100 Scope.**

This subpart implements the Pilot Mentor-Protege Program (hereafter referred to as the “Program”) established under Section 831 of the National Defense Authorization Act for Fiscal Year 1991 (Pub. L. 101-510; 10 U.S.C. 2302 note). The purpose of the Program is to provide incentives for DoD contractors to assist protege firms in enhancing their capabilities and to increase participation of such firms in Government and commercial contracts.

**219.7101 Policy.**

DoD policy and procedures for implementation of the Program are contained in Appendix I, Policy and Procedures for the DoD Pilot Mentor-Protege Program.

**219.7102 General.**

The Program includes—

(a) Mentor firms that are prime contractors with at least one active subcontracting plan negotiated under FAR Subpart 19.7 or under the DoD Comprehensive Subcontracting Test Program.

(b) Protege firms that are--

(1)(i) Small disadvantaged business concerns as defined at 219.001(1);

(ii) Business entities owned and controlled by an Indian tribe;

(iii) Business entities owned and controlled by a Native Hawaiian Organization;

(iv) Qualified organizations employing the severely disabled; or

(v) Women-owned small business concerns;

(2) Eligible for receipt of Federal contracts; and

(3) Selected by the mentor firm.

(c) Mentor-protege agreements that establish a developmental assistance program for a protege firm.

(d) Incentives that DoD may provide to mentor firms, including:

(1) Reimbursement for developmental assistance costs through—

(i) A separately priced contract line item on a DoD contract; or

(ii) A separate contract, upon written determination by the cognizant Component Director, Small and Disadvantaged Business Utilization (SADBU), that unusual circumstances justify reimbursement using a separate contract; or

(2) Credit toward applicable subcontracting goals, established under a subcontracting plan negotiated under FAR Subpart 19.7 or under the DoD Comprehensive Subcontracting Test Program, for developmental assistance costs that are not reimbursed.

**219.7103 Procedures.**

**219.7103-1 General.**

The procedures for application, acceptance, and participation in the Program are in Appendix I, Policy and Procedures for the DoD Pilot Mentor-Protege Program. The Director, SADBU, of each military department or defense agency has the authority to approve contractors as mentor firms, approve mentor-protege agreements, and forward approved mentor-protege agreements to the contracting officer when funding is available.

**219.7103-2 Contracting officer responsibilities.**

Contracting officers must—

(a) Negotiate an advance agreement on the treatment of developmental assistance costs for either credit or reimbursement if the mentor firm proposes such an agreement, or delegate authority to negotiate to the administrative contracting officer (see FAR 31.109).

(b) Modify (without consideration) applicable contract(s) to incorporate the clause at 252.232-7005, Reimbursement of Subcontractor Advance Payments--DoD Pilot Mentor-Protege Program, when a mentor firm provides advance payments to a protege firm under the Program and the mentor firm requests reimbursement of advance payments.

(c) Modify (without consideration) applicable contract(s) to incorporate other than customary progress payments for protege firms in accordance with FAR 32.504(c) if a mentor firm provides such payments to a protege firm and the mentor firm requests reimbursement.

(d) Modify applicable contract(s) to establish a contract line item for reimbursement of developmental assistance costs if—

(1) A DoD program manager or the cognizant Component Director, SADBU, has made funds available for that purpose; and

(2) The contractor has an approved mentor-protege agreement.

(e) Negotiate and award a separate contract for reimbursement of developmental assistance costs only if—

(1) Funds are available for that purpose;

(2) The contractor has an approved mentor-protege agreement; and

(3) The cognizant Component Director, SADBU, has made a determination in accordance with 219.7102(d)(1)(ii).

**Part 219—Small Business Programs**

---

(f) Not authorize reimbursement for costs of assistance furnished to a protege firm in excess of \$1,000,000 in a fiscal year unless a written determination from the cognizant Component Director, SADBUE, is obtained.

(g) Advise contractors of reporting requirements in Appendix I.

(h) Provide a copy of the approved Mentor-Protege agreement to the Defense Contract Management Agency administrative contracting officer responsible for conducting the annual performance review (see Appendix I, Section I-113).

**219.7104 Developmental assistance costs eligible for reimbursement or credit.**

(a) Developmental assistance provided under an approved mentor-protege agreement is distinct from, and must not duplicate, any effort that is the normal and expected product of the award and administration of the mentor firm's subcontracts. The mentor firm must accumulate and charge costs associated with the latter in accordance with its approved accounting practices. Mentor firm costs that are eligible for reimbursement are set forth in Appendix I.

(b) Before incurring any costs under the Program, mentor firms must establish the accounting treatment of developmental assistance costs eligible for reimbursement or credit. Advance agreements are encouraged. To be eligible for reimbursement under the Program, the mentor firm must incur the costs before October 1, 2008.

(c) If the mentor firm is suspended or debarred while performing under an approved mentor-protege agreement, the mentor firm may not be reimbursed or credited for developmental assistance costs incurred more than 30 days after the imposition of the suspension or debarment.

(d) Developmental assistance costs, incurred by a mentor firm before October 1, 2008, that are eligible for crediting under the Program, may be credited toward subcontracting plan goals as set forth in Appendix I.

**219.7105 Reporting.**

Mentor and protege firms must report on the progress made under mentor-protege agreements as indicated in Appendix I, Section I-112.

**219.7106 Performance reviews.**

The Defense Contract Management Agency will conduct annual performance reviews of all mentor-protege agreements as indicated in Appendix I, Section I-113. The determinations made in these reviews should be a major factor in determinations of amounts of reimbursement, if any, that the mentor firm is eligible to receive in the remaining years of the Program participation term under the agreement.