**DFARS Case 2023-D011**

**DoD Mentor-Protégé Program**

**Final Rule**

**PART 219—SMALL BUSINESS PROGRAMS**

**\* \* \* \* \***

## SUBPART 219.71—~~PILOT~~ [DoD] MENTOR-Protégé PROGRAM

**219.7100 Scope.**

This subpart implements the ~~Pilot~~ **[DoD]** Mentor-Protégé Program (referred to as the Program) **[authorized]**~~established~~ under ~~section 831 of the National Defense Authorization Act for Fiscal Year 1991 (Pub. L. 101-510; 10 U.S.C. 4901 note prec.)~~**[10 U.S.C. 4902]**.  The purpose of the Program is to provide incentives for DoD contractors to assist protégé 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-Protégé Program.

\* \* \* \* \*

**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-Protégé Program. The Mentor-Protégé Program Director, OSBP, OUSD(A&S), has the authority to approve contractors as mentor firms. The Director, OSBP, of each military department or defense agency has the authority to approve mentor-protégé agreements and forward approved mentor-protégé agreements to the contracting officer when funding is available.

**219.7103-2 Contracting officer responsibilities.**

Contracting officers shall—

(a) \* \* \*

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

\* \* \* \* \*

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

(a) \* \* \*

(b) Before incurring any costs under the Program, mentor firms must establish the accounting treatment of developmental assistance costs eligible for reimbursement or credit. **[For mentor-protégé agreements entered into prior to December 23, 2022, t]**~~T~~o be eligible for reimbursement under the Program, the mentor firm must incur the costs not later than September 30, 2026.

(c) \* \* \*

(d) **[For mentor-protégé agreements entered into prior to December 23, 2022, d]**~~D~~evelopmental assistance costs incurred by a mentor firm not later than September 30, 2026, that are eligible for crediting under the Program, may be credited toward subcontracting plan goals as set forth in [appendix I](http://www.acq.osd.mil/dpap/dars/dfars/html/current/appendix_i.htm). **[For mentor-protégé agreements entered into on or after December 23, 2022, developmental assistance costs that are eligible for crediting under the Program may be credited toward subcontracting plan goals as set forth in** [**appendix I**](http://www.acq.osd.mil/dpap/dars/dfars/html/current/appendix_i.htm)**.]**

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**PART 232—CONTRACT FINANCING**

**\* \* \* \* \***

**Subpart 232.4—Advance Payments for Other Than Commercial Acquisitions**

**\* \* \* \* \***

**232.412-70 Additional clauses.**

(a) \* \* \*

(b) Use the clause at 252.232–7005, Reimbursement of Subcontractor Advance Payments-DoD ~~Pilot~~ Mentor-Protégé Program, when advance payments will be provided by the contractor to a subcontractor pursuant to an approved mentor-protégé agreement (see subpart 219.71).

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**PART 252—SOLICITATION PROVISIONS AND CONTRACT CLAUSES**

\* \* \* \* \*

**Subpart 252.2—Text of Provisions and Clauses**

\* \* \* \* \*

**252.232-7005 Reimbursement of ~~s~~[S]ubcontractor ~~a~~[A]dvance ~~p~~[P]ayments—DoD ~~pilot m~~[M]entor-~~p~~[P]rotégé ~~p~~[P]rogram.**

As prescribed in 232.412–70(b), use the following clause:

Reimbursement of Subcontractor Advance Payments—DoD ~~Pilot~~ Mentor-Protégé Program (~~SEP 2001~~**[MAR 2024]**)

\* \* \* \* \*

**APPENDIX I to Chapter 2—POLICY AND PROCEDURES FOR THE DOD ~~PILOT~~ MENTOR-PROTEGE PROGRAM**

**I-100 Purpose.**

(a) This appendix implements the ~~Pilot~~ **[DoD]** Mentor-Protégé Program (**[referred to as]** the Program) **[authorized]**~~established~~ under ~~section 831 of the National Defense Authorization Act for Fiscal Year 1991 (Pub. L. 101-510; 10 U.S.C. 4901 note)~~ **[10 U.S.C. 4902]**. The purpose of the Program is to provide incentives to ~~major~~ DoD contractors to furnish eligible small business concerns with assistance designed to—

\* \* \* \* \*

**I-102 Participant eligibility.**

(a) To be eligible to participate as a mentor, an entity must—

(1) \* \* \*

(2) \* \* \*

(3) Be capable of imparting value to a protégé firm because of experience gained as a DoD contractor or through knowledge of general business operations and Government contracting, as demonstrated by evidence that such entity—

(i) Received DoD contracts and subcontracts equal to or greater than ~~$100~~**[$25]** million during the previous fiscal year;

(ii) Is a prime contractor to DoD with an active subcontracting plan; ~~or~~

(iii) Has graduated from the 8(a) Business Development Program and provides documentation of its ability to serve as a mentor~~.~~**[; or**

**[(iv) Is otherwise capable to assist in the development of protégé firms and is approved by the Director OSBP, OUSD(A&S).]**

\* \* \* \* \*

**I-103 ~~Program duration~~[Incentives for mentors].**

~~(a) New mentor-protégé agreements may be submitted and approved through September 30, 2024.~~

~~(b)~~ Mentors incurring costs through September 30, 2026, pursuant to ~~an approved~~ **[a]** mentor-protégé agreement **[approved prior to December 23, 2022**, **and mentors incurring costs pursuant to a mentor-protégé agreement approved on or after December 23, 2023,]** may be eligible for—

(**[a]**~~1~~) Credit toward the attainment of its applicable subcontracting goals for unreimbursed costs incurred in providing developmental assistance to its protégé firm(s);

(**[b]**~~2~~) Reimbursement pursuant to the execution of a separately priced contract line item added to a DoD contract; or

(**[c]**~~3~~) Reimbursement pursuant to entering into a separate DoD contract upon determination by the Director, OSBP, of the cognizant military department or defense agencythat unusual circumstances justify using a separate contract.

\* \* \* \* \*

**I-106 Development of mentor-protégé agreements**.

\* \* \* \* \*

(d) The mentor-protégé agreement may provide for the mentor firm to furnish any or all of the following types of developmental assistance:

(1) Assistance by mentor firm personnel in—

(i) General business management, including organizational management, financial management, and personnel management, marketing and technology commercialization, compliance systems, and overall business planning;

(ii) Engineering and technical matters such as production**[,]** inventory control**[, manufacturing, test and evaluation,]** ~~and~~ quality assurance; acquisition or transfer of hardware, tooling, or software; and technology transfer and transition; and

(iii) Any other assistance designed to develop the capabilities of theprotégé firm under the developmental program described in I-107(g).

\* \* \* \* \*

(6) Assistance that the mentor firm obtains for the protégé firm from one or more of the following:

(i) Small Business Development Centers established pursuant to section 21 of the Small Business Act (15 U.S.C. 648).

(ii) Entities providing procurement technical assistance pursuant to 10 U.S.C. Chapter 388 (Procurement Technical Cooperative Agreement Program).

(iii) Historically Black colleges and universities.

(iv) Minority institutions of higher education.

(v) Women’s business centers described in section 29 of the Small Business Act (15 U.S.C. 656).

**[(vi) Manufacturing innovation institutes.]**

\* \* \* \* \*

**I-107 Elements of a mentor-protégé agreement**.

Each mentor-protégé agreement shall contain—

\* \* \* \* \*

(k) A program participation term for the agreement that does not exceed ~~2~~**[3]** years. **[The agreement may be extended for a period not to exceed 2 years if approved by the Director, OSBP, OUSD(A&S). The Director, OSBP, of the cognizant military department or defense agency will submit requests for an extension of the agreement to the Director, OSBP, OUSD(A&S) for approval.]**~~Requests for an extension of the agreement for a period not to exceed an additional 3 years are subject to the approval of the Director, OSBP, of the cognizant military department or defense agency.~~ The **[request will include a]** justification ~~must detail~~**[describing]** the unusual circumstances that warrant a term in excess of **[3]**~~2~~ years;

\* \* \* \* \*

**I-108 Submission and approval of mentor-protégé agreements.**

(a) Upon solicitation or as determined by the cognizant military department or defense agency, mentors will submit—

\* \* \* \* \*

(5) A justification if program participation term is greater than ~~2~~**[3]** years (agreements may not exceed 5 years) (see I-107(k)); and

\* \* \* \* \*

**I-109 Reimbursable agreements**.

The following program provisions apply to all reimbursable mentor-protégé agreements including agreements that provide for both reimbursement and subcontracting credit:

(a) \* \* \*

(b) Assistance provided in the form of advance payments will be reimbursed only if the payments have been provided to a protégé firm under subcontract terms and conditions similar to those in the clause at FAR 52.232-12, Advance Payments. Reimbursement of any advance payments will be made pursuant to the inclusion of the clause at DFARS 252.232-7005, Reimbursement of Subcontractor Advance Payments—DoD ~~Pilot~~ Mentor-Protégé Program, in appropriate contracts. In requesting reimbursement, the mentor firm agrees that the risk of any financial loss due to the failure or inability of a protégé firm to repay any unliquidated advance payments will be the sole responsibility of the mentor firm.

\* \* \* \* \*

**I–111 Agreement terminations**.

(a) Mentors and/or protégés must send a copy of any termination notice~~s~~ to the **[Director, OSBP, OUSD(A&S) or the]** Director, OSBP, of the cognizant military department or defense agency that approved the agreement, and the DCMA small business professional responsible for conducting the annual review pursuant to I–113.

\* \* \* \* \*

**I-112.2 Program ~~S~~[s]pecific ~~R~~[r]eporting ~~R~~[r]equirements[.]**

(a) Mentors must report on the progress made under active mentor-protégé agreements semiannually for the periods ending March 31st and September 30ththroughout the Program participation term of the agreement. The September 30th report must address the entire fiscal year.

\* \* \* \* \*

~~(3) In accordance with section 861, paragraph (b)(2), of the National Defense Authorization Act for Fiscal Year 2016 (Pub. L. 114-92), the reporting requirements specified in paragraphs (a)(2)(iv) through (a)(2)(xii)(C) of this section apply retroactively to mentor-protégé agreements that were in effect on November 25, 2015. Mentors must submit reports as described in paragraph (a) of this section.~~

(**[3]**~~4~~) A recommended reporting format and guidance for its submission are available at *https://business.defense.gov/Programs/Mentor-Protégé-Program/MPP-Resources/*.

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