

**SUBPART 219.12—SMALL DISADVANTAGED BUSINESS PARTICIPATION PROGRAM**

*(Revised July 15, 2009)*

**219.1203 Incentive subcontracting with small disadvantaged business concerns.**

The contracting officer shall encourage increased subcontracting opportunities for SDB concerns in negotiated acquisitions by providing monetary incentives in the North American Industry Classification System Industry Subsectors for which use of an evaluation factor or subfactor for participation of SDB concerns is currently authorized (see FAR 19.201(b)). Incentives for exceeding SDB subcontracting targets shall be paid only if an SDB subcontracting target was exceeded as a result of actual subcontract awards to SDBs, and not as a result of developmental assistance credit under the Pilot Mentor-Protege Program (see Subpart 219.71).

**See DoD Class Deviation [2011-O0003](#), Class Deviation to the Federal Acquisition Regulation – Cessation of the Use of Evaluation Factor and Subfactor for Small Disadvantaged Businesses, dated November 8, 2010. This deviation is effective until incorporated into the FAR and DFARS or rescinded.**

**219.1204 Solicitation provisions and contract clauses.**

(c) The contracting officer shall, when contracting by negotiation, insert in solicitations and contracts containing the clause at FAR 52.219-25, Small Disadvantaged Business Participation Program--Disadvantaged Status and Reporting, a clause substantially the same as the clause at FAR 52.219-26, Small Disadvantaged Business Participation Program--Incentive Subcontracting, when authorized (see FAR 19.1203). The contracting officer may include an award fee provision in lieu of the incentive; in such cases, however, the contracting officer shall not use the clause at FAR 52.219-26. Do not use award fee provisions in contracts with contractors that have comprehensive subcontracting plans approved under the test program described in 219.702.