INDIAN INCENTIVE PROGRAM

Small Business Training Week
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The Indian Incentive Program (IIP) is a congressionally sponsored program that provides a 5% rebate to a Prime Contractor on the total amount subcontracted to an Indian-Owned Economic Enterprise or Indian Organization, in accordance with [DFARS Clause 252.226-7001](https://www.acq.osd.mil/dpap/dd/dfarsclauses.html). Established by Section 504 of the Indian Financing Act of 1974 (25 U.S.C. 1544), IIP motivates Prime contractors to utilize Indian organizations and Indian-owned economic enterprises.
Program Requirements

• **Contracts**
  • Native American subcontract valued at $500K or more
  • DFARS clause 252.226-7001 must be included in prime and subcontract
  • Contract must be active

• **51% Native American/Alaskan/Hawaiian Ownership**
  • Indian ownership of the subcontractor or supplier cannot constitute less than 51% of the enterprise. ([DFARS 252.226-7001](https://www.acq.osd.mil/dpap/dtic/tradoc/mim/dfars/252.226-7001))

• **Federally Recognized Tribal Enrollment**
  • **Native American**: The subcontractor or supplier must be owned by a [federally recognized](https://www.acq.osd.mil/dpap/dtic/tradoc/mim/dfars/index.html) tribe or a member of a federally recognized tribe.
  • **Native Alaskan**: The subcontractor or supplier must be owned by a "native", "native village" or "native group" (including corporations organized by Kenai, Juneau, Sitka, and Kodiak) as defined by the [Alaska Native Claims Settlement Act](https://www.alaska.gov/csd/tribal-affairs/anica/).  
  • **Native Hawaiian**: The owner of the Native Hawaiian-Owned subcontractor or supplier must be a [recognized Native Hawaiian](https://www.alaska.gov/csd/tribal-affairs/anica/) as defined by [23 USC 4221(9)](https://www.alaska.gov/csd/tribal-affairs/anica/).
Indian Incentive Program Value

**IMPORTANCE**

- **IIP is an essential marketing tool**
  - 100% of Native American firms say IIP is important to winning DoD contracts*
  - 46% of Native American firms say that the IIP is the main reason for winning contracts*

- **IIP is a very effective incentive for Primes**
  - 67% of primes say IIP influences their subcontracting decision*
  - 85% of primes say they are likely to use IIP*

*Source: Study Report 3.1.5.2 Indian Incentive Program, OSD OSBP June 13, 2016

**FY14-FY16 CONTRACTOR PARTICIPATION**

**NATIONWIDE IMPACT**

**FY16 RETURN ON INVESTMENT ($M)**

**VERY SMALL PROGRAM**

- $19B USG Indian Budget
- [CATEGORY NAME] $15

**VERY LARGE IMPACT**

- $1.7B IIP Rebate Subcontracts
- NAVY $159
- ARMY $816

**PROGRAM STATUS**

- **2014**
  - Funded Amount: $15,000,000.00
  - Unfunded Amount: $7,000,000.00
- **2015**
  - Funded Amount: $15,000,000.00
  - Unfunded Amount: $3,000,000.00
- **2016**
  - Funded Amount: $15,000,000.00
  - Unfunded Amount: $34,000,000.00

**DEMAND FAR EXCEEDS FUNDING**

*Note: The image contains a map and various statistical data related to the Indian Incentive Program's importance and nationwide impact.*
IIP Rebate Process

1. Prime Utilizes Native American/Alaskan/Hawaiian owned Organization
2. KO Submits Request w/Required Documentation to OSBP
3. Prime Submits Required Documentation to Contracting Officer (KO) Requesting IIP Rebate
4. MIPR Accepted by Contracting Activity
5. Military Interdepartmental Purchase Request (MIPR) for IIP Payment is initiated
6. Internal Review & Verification (OSBP)
7. Contract Modification Issued for IIP Rebate by KO
8. Prime Submits Invoice per MIPR Instructions
9. Prime Receives IIP Rebate Payment
Contacts

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