



Department of Defense DIRECTIVE

NUMBER 3204.1

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DDR&E

SUBJECT: Independent Research and Development (IR&D) and Bid and Proposal (B&P) Program

References: (a) DoD Instruction 3204.1, "Independent Research and Development," December 1, 1983 (hereby canceled)
(b) Section 2372 and 2506 of title 10, United States Code
(c) Federal Acquisition Regulation (FAR), Subpart 31.205-18, "Independent Research and Development and Bid and Proposal Costs," February 9, 1998
(d) Defense FAR Supplement, Subpart 231.205-18, "Independent Research and Development and Bid and Proposal Costs," February 23, 1999; and Subpart 242.771, "Independent Research and Development/Bid and Proposal," February 23, 1999

1. PURPOSE

This Directive:

- 1.1. Supersedes reference (a).
- 1.2. Establishes policy and assigns responsibilities under reference (b) for both the technical and business aspects of IR&D and B&P activities.
- 1.3. Establishes the Technical Coordination Group (TCG) that the Director, Defense Research and Engineering (DDR&E), under the Office of the Under Secretary of Defense for Acquisition and Technology, shall have cognizance over to provide both oversight of the IR&D Program and effective communications between industry and the Department of Defense, and which shall do the following:
 - 1.3.1. Provide industry the information they need to effectively implement

their IR&D programs while maintaining their independence to conduct research and development (R&D) activities.

1.3.2. Effectively use IR&D data obtained from industry by the Department of Defense.

1.3.3. Ensure that membership in the TCG shall be from the DDR&E and from each Military Department.

2. APPLICABILITY

This Directive applies to the Office of the Secretary of Defense (OSD), the Military Departments, and the Defense Agencies (hereafter referred to collectively as "the DoD Components").

3. DEFINITIONS

3.1. Bid and Proposal (B&P) Activities. Effort in preparing, submitting, and supporting Bs&Ps (whether or not solicited) on potential contracts.

3.2. Independent Research and Development (IR&D). R&D effort that is neither sponsored by a grant, nor required in performing a contract, and which falls under any of the following four areas:

3.2.1. Applied research.

3.2.2. Basic research.

3.2.3. Development.

3.2.4. Systems and other concept formulation studies.

4. POLICY

It is DoD policy that:

4.1. Under Section 2372 of 10 U.S.C. (reference (b)), contractors shall be encouraged to undertake IR&D activities that may further national security in a broad sense, may lead to a superior military capability, or may lower the cost and time

required for providing that capability. IR&D activities intended to accomplish any of the following are of potential interest to the Department of Defense:

4.1.1. Enable superior performance of future U.S. weapon systems and their components.

4.1.2. Reduce acquisition costs and life-cycle costs of military systems.

4.1.3. Strengthen the defense industrial base and the technology base of the United States.

4.1.4. Enhance the industrial competitiveness of the United States.

4.1.5. Promote the development of technologies identified as critical under Section 2506 of 10 U.S.C. (reference (b)).

4.1.6. Increase development and promotion of efficient and effective applications of dual-use technologies.

4.1.7. Provide efficient and effective technologies for achieving such environmental benefits as improved environmental data gathering, environmental cleanup and restoration, pollution reduction in manufacturing, environmental conservation, and environmentally safe management of facilities.

4.2. The costs incurred by DoD contractors for IR&D and B&P activities are recognized by the Department of Defense as necessary costs of doing business, particularly in a high-technology environment. IR&D and B&P costs incurred in performing activities of potential DoD interest shall be reimbursable as "indirect expenses" on covered contracts to the extent that they are allocable, reasonable, and not otherwise unallowable by law under Subpart 31.205-18 of the FAR and Subparts 231.205-18 and 242.771 of the DFARS (references (c) and (d)). The Department of Defense seeks, through financial support of contractor IR&D and B&P programs, to do the following:

4.2.1. Create an environment that encourages DoD contractors to expand knowledge in mathematics and science, improve technology in areas of interest to the Department of Defense, and enrich and broaden the spectrum of technology available to the Department of Defense.

4.2.2. Create conditions that allow DoD contractors the freedom to determine the focus of their IR&D programs and especially the freedom to exploit fruitful avenues of research that, in their judgments, may provide the greatest benefits.

4.2.3. Broaden and strengthen the industrial base for the benefit of the U.S. economy and defense, to provide incentives for future defense-oriented R&D, and to improve the responsiveness of industrial capabilities essential to defense needs.

4.2.4. Encourage the commercialization of dual-use technologies to ensure the efficient and effective availability of those technologies for application to future military systems and for the economic benefit of the United States.

4.3. The Department of Defense shall seek to enhance the efficiency and productivity of DoD R&D, and DoD contract R&D, by considering the work and accomplishments of contractor IR&D programs when planning, programing and budgeting for DoD R&D.

4.4. The Department of Defense shall enhance its knowledge of contractor IR&D by reviewing summary reports of contractor IR&D efforts. Information from industry includes research goals, progress, results, and actual and planned expenditures for projects conducted as IR&D.

4.5. The Department of Defense shall enhance the efficiency and productivity of contractor IR&D and B&P activities by providing to contractors available information useful to their planning and research in bounds set by security, intellectual property rights, fairness in competition, and good business practice. Information to be provided includes the R&D plans, descriptions of both in-house and funded research, mission needs, and operational requirements. The Department of Defense shall establish effective means to communicate with industry on R&D needs and activities. Information shall be made available through hard copy distribution and, increasingly, through the use of public, and controlled access, World Wide Web sites.

4.6. Coordination of the technological aspects of the IR&D Program in the Department of Defense and with contractors is achieved by the DoD Components through the following:

4.6.1. Information exchange activities.

4.6.2. Technical Interchange Meetings initiated by either DoD activities or contractors.

4.6.3. Other voluntary technical discussions or exchanges of information between the scientific, engineering, and operational personnel of the Department of Defense and the contractors.

5. RESPONSIBILITIES

5.1. The Director of Defense Research and Engineering, under the Under Secretary of Defense for Acquisition and Technology, shall:

5.1.1. Issue policy and guidance for all DoD activities on the technological aspects of IR&D and B&P.

5.1.2. Encourage the communication of contractor IR&D activities and results to the Department of Defense.

5.1.3. Ensure the communication of DoD needs, interests, and priorities to contractors.

5.1.4. Coordinate with the Director of Defense Procurement, on any IR&D and B&P matters affecting the procurement or business aspects of the IR&D and B&P Program.

5.1.5. Establish and appoint the Chair of, and oversee the activities of, the TCG that shall:

5.1.5.1. Establish policy and implement and oversee activities necessary to achieve the objectives of DoD IR&D policy.

5.1.5.2. Provide policy authority for developing and implementing the IR&D Program to achieve the objectives of DoD policy.

5.1.5.3. Provide policy authority for providing DoD technical and programmatic information to contractors they need to effectively implement their IR&D program.

5.1.5.4. Support the Defense Technical Information Center (DTIC) in establishing guidelines for requesting technical information from DoD contractors on their IR&D programs.

5.1.5.5. Provide oversight of the DTIC IR&D database.

5.1.5.6. Provide assistance, as requested, to cognizant administrative contracting officers to determine the potential interest to the Department of Defense of IR&D and B&P projects.

5.1.5.7. Represent the Department of Defense on issues about IR&D with other Federal Agencies, industry, and other non-Government bodies.

5.1.5.8. Ensure full consideration for the views of industry and the Military Departments on the IR&D Program.

5.2. The Under Secretary of Defense for Acquisition and Technology shall ensure that the Director of Defense Procurement shall:

5.2.1. Provide policy, guidance, and oversight for all DoD activities on the procurement and business aspects of IR&D and B&P.

5.2.2. Represent the OSD with industry and others on all policy issues about procurement and business aspects of IR&D and B&P.

5.2.3. Coordinate with the DDR&E on any IR&D and B&P matters affecting the technological aspects of the IR&D and B&P Program.

5.3. The Secretaries of the Military Departments shall:

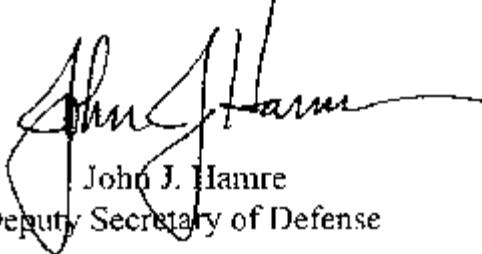
5.3.1. Support technical interaction with contractors, explaining Government interests and needs, developing an understanding of the achievements of contractor IR&D, and participating in Government and industry conferences in support of the IR&D Program.

5.3.2. Designate a senior science and technology manager who shall serve as the representative for the Military Department on the TCG and who shall coordinate all Military Department activities for the technological aspects of IR&D and B&P.

5.4. The Heads of the DoD Components shall ensure that their staffs who plan and introduce new in-house and contract R&D projects search the IR&D database to determine whether the proposed work duplicates substantial contractor IR&D efforts.

6. EFFECTIVE DATE

This Directive is effective immediately.



John J. Hamre
Deputy Secretary of Defense