Department of Defense

# INSTRUCTION

**NUMBER** 4140.57
May 30, 2008

USD(AT&L)

SUBJECT: DoD Replenishment Parts Purchase or Borrow (DoD RPPOB) Program

References: (a) DoD Directive 4140.57, "DoD Replenishment Parts Purchase or Borrow Program," April 13, 1987 (hereby canceled)
(b) DoD Instruction 5025.01, "DoD Directives Program," October 28, 2007
(c) DoD Directive 5134.01, "Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L))," December 9, 2005
(d) Section 2320(d) of title 10, United States Code
(e) through (k), see Enclosure 1

## 1. PURPOSE

This Instruction:

1.1. Reissues Reference (a) as a DoD Instruction in accordance with the guidance in Reference (b) and the authority in Reference (c).

1.2. Establishes policy and implements Reference (d) by establishing the DoD RPPOB Program to provide domestic business concerns an opportunity to purchase or borrow replenishment parts from the Government for:

1.2.1. Design replication or modification.

1.2.2. Subsequent submission of offers to sell items of supply replenishment parts to the Government.

1.2.3. Enhancing competition, lowering costs, and improving lead times by developing and locating alternative sources of supply and manufacturing.

## 2. APPLICABILITY

This Instruction applies to the Office of the Secretary of Defense, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (hereafter referred to collectively as the "DoD Components").

## 3. DEFINITIONS

Terms used in this Instruction are defined in Enclosure 2.

## 4. POLICY

It is DoD policy that:

4.1. Replenishment part costs shall be lowered through competition and product simplification. Therefore, sample parts shall be made available to domestic business concerns when it is determined that such action is in the best interest of the Government. That determination shall include economic considerations as well as national security requirements, inventory needs, the probability of future purchases of parts, and any additional restrictions required by law.

4.2. No domestic business concern in good standing shall be denied the opportunity to participate in the DoD RPPOB Program. The availability of sample parts shall be limited to quantities adequate to meet the program's objectives. Controls shall be established in the DoD Components to prevent exploitative ordering of sample parts and later depletion of DoD supply system stocks.

4.2.1. Alternate sources of supply may be developed through this program when appropriate under Subpart 6.202 of the Federal Acquisition Regulation (FAR) (Reference (e)).

4.2.2. The DoD Components need not delay ongoing or planned purchase actions of spare parts to allow potential suppliers to participate in the program.

4.2.3. Government inspection of parts for compliance to performance criteria, based on existing technical data, shall be conducted, when appropriate, before the bailment or sale of parts to potential suppliers.

## 5. RESPONSIBILITIES

5.1. The Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)) shall exercise authority for direction and management of the DoD RPPOB Program.

5.2. The Deputy Under Secretary of Defense for Logistics and Materiel Readiness, under the USD(AT&L), shall exercise overall administrative control of the DoD RPPOB Program through the Office of the Assistant Deputy Under Secretary of Defense for Supply Chain Integration. This control includes the establishment and maintenance of DoD implementing regulations.

5.3. The Director of the Defense Logistics Agency, under the authority, direction, and control of the USD(AT&L), and the Secretaries of the Military Departments shall ensure that their respective activities comply with the provisions of the DoD RPPOB Program to include:

5.3.1. Implementation of a Component RPPOB Program consistent with the requirements of this Instruction.

5.3.2. The designation of a central command office that shall communicate policy, monitor efforts and achievements, and provide surveillance over implementation of this Instruction. Each Military Department and Agency is encouraged to establish its focal point within the Competition Advocacy Office or ensure close coordination with same.

5.4. The Under Secretary of Defense (Comptroller) shall establish pricing policies and procedures to facilitate the uniform implementation of this Instruction.

## 6. PROCEDURES

6.1. Criteria for identifying potential replenishment parts:

6.1.1. The item managing activity may provide parts to potential suppliers or approve requests from potential suppliers to view or obtain sample parts on a bailment or purchase basis that meet all of the following criteria:

6.1.1.1. The part has limited or reduced sources of supply due to the unavailability of the Technical Data Package (TDP), an incomplete TDP, or a TDP that contains limited rights data. Parts with TDPs containing some data with limited rights may be used in the program if the Government does not release the limited rights data to potential suppliers.

6.1.1.2. The annual buy value of the part exceeds thresholds developed by DoD Components based on guidance in subpart 217.7506 of the Defense Federal Acquisition Regulation Supplement (DFARS) Procedures, Guidance, and Information (PGI) (Reference (f)). The DoD Components may lower the dollar value to accommodate their program(s).

6.1.1.3. Bailment or sale of the part shall not adversely affect or deplete required supply quantities.

6.1.1.4. Potential life-cycle cost savings exceed the cost (including evaluating and testing) of making the part available.

6.1.1.5. Critical Safety Items, engineering safety items, and engineering critical or unstable parts, as defined in Enclosure 2, shall be made available only upon approval by the DoD Component that has technical cognizance of the part. Subpart 209.2 of the DFARS (Reference (g)) prescribes the qualification requirements for aviation critical safety items.

6.1.1.6. A part whose TDP, once developed, would not disclose critical technology with military or space applications. This determination shall be made in accordance with the provisions of DoD Directive 5230.25 (Reference (h)).

6.1.2. Before approving the bailment or sale of a part for the purpose of modification, the DoD Components shall consider the following:

6.1.2.1. The proposed modification must improve performance, reliability, maintainability, interchangeability, product quality, safety, productivity, or decrease life-cycle costs.

6.1.2.2. The probability of future purchases of the proposed improved part.

6.1.2.3. If the proposed modification is, or should be, considered under the existing DoD Value Engineering Program under Part 48 of the FAR (Reference (i)), or other in-house product improvement, or preplanned product-improvement program.

6.2. There are three methods that may be used to make parts available to potential suppliers:

6.2.1. Direct purchase of the part by the potential supplier. This is the preferred method as it minimizes the management and administrative impact to the Government. Pricing policies for this method shall be in accordance with Volume 11A of DoD 7000.14-R (Reference (j)).

6.2.2. Bailment of the part to the potential supplier. A bailment agreement shall be prepared with the provisions agreed upon by both parties. Parts shall not be subjected to destruction or irreversible disassembly. Parts shall not be loaned to potential suppliers unless such parts can be reinspected and validated by the Government. The Government will need to have visibility of the bailed asset's material condition and location status in the event the asset is required by the Government (e.g., emergency need for the last item on the shelf). Bailments shall be assessed costs in accordance with Volume 4 of DoD 7000.14-R (Reference (k)).

6.2.3. Inspecting the part. Potential suppliers may inspect parts for the purpose of familiarization in Government-designated display areas. The parts displayed shall be those determined by the Government.

6.3. Requests from potential suppliers to purchase or borrow parts shall be in writing and shall:

6.3.1. Be from domestic business concerns as defined in Enclosure 2.

6.3.2. State that the intent of purchasing or borrowing the part is for replication and/or modification and for subsequent offer of sale of the item of supply replenishment parts to the Government.

6.3.3. Specify duration of time a borrowed part is required.

6.3.4. Cite the National Stock Number of the desired part.

6.3.5. Specify the improvement to be offered by a proposed modification.

6.4. Agreements with domestic business concerns shall clearly indicate that materiel or information received under the DoD replenishment program is intended solely for the purpose of meeting U.S. Government requirements. Retransfer of the parts or technical data to other parties or firms within the United States or to foreign firms or governments is not authorized. Agreements shall require prior approval of the contracting officer before the sale of any item produced from parts or data received under this program to a non-U.S. Government entity.

## 7. RELEASABILITY

UNLIMITED. This Instruction is approved for public release. Copies may be obtained through the Internet from the DoD Issuances Web Site at http://www.dtic.mil/whs/directives.

## 8. EFFECTIVE DATE

This Instruction is effective immediately.

John J. Young, Jr.
Under Secretary of Defense
for Acquisition, Technology, and Logistics

Enclosures – 2
E1. References, continued
E2. Definitions

## E1. ENCLOSURE 1

## REFERENCES, continued

(e) Subpart 6.202, Federal Acquisition Regulation (FAR), "Establishing or Maintaining Alternative Sources," current edition
(f) Subpart 217.7506, Defense Federal Acquisition Regulation Supplement (DFARS) Procedures, Guidance, and Information (PGI), "Acquisition of Replenishment Parts," current edition
(g) Subpart 209.2, Defense Federal Acquisition Regulation Supplement (DFARS), "Qualification Requirements," current edition
(h) DoD Directive 5230.25, "Withholding of Unclassified Technical Data From Public Disclosure," November 6, 1984
(i) Part 48, Federal Acquisition Regulation (FAR), "Value Engineering," current edition
(j) DoD 7000.14-R, "Department of Defense Financial Management Regulation," Volume 11A, "Reimbursable Operations, Policy and Procedures," current edition
(k) DoD 7000.14-R, "Department of Defense Financial Management Regulation," Volume 4, "Accounting Policy and Procedures," current edition

## E2. ENCLOSURE 2

## DEFINITIONS

The following terms and their definitions are for the purposes of this Instruction only.

E2.1. Bailment. The process whereby a part is provided to a recipient with the agreement that the part will be returned at an appointed time.

E2.2. Critical Safety Item. A part, subassembly, assembly, subsystem, installation equipment, or support equipment for a system that contains a characteristic, any failure, malfunction, or absence of which could have a safety impact.

E2.3. Domestic Business Concern. A business concern having its principal place of business in the United States or U.S. territories and possessions.

E2.4. Engineering Critical Part. A part so crucial that independent malfunction or failure could be catastrophic and result in personal injury or loss of life, jeopardize a military mission, or loss of a military weapon system or equipment. Engineering critical parts require special documentation, controls, and testing beyond normal requirements.

E2.5. Item of Production. Those pieces or objects grouped within a manufacturer's identifying number and conforming to the same engineering drawings, specifications, and inspection.

E2.6. Item of Supply. A single item or two or more items of production that are functionally interchangeable or that may be substituted for the same purpose and that are comparable in terms of use.

E2.7. Modification. A Government-approved change in the configuration of a part or item that offers a significant benefit to the Government by correcting deficiencies, satisfying a change in operational or logistical support requirements, or effecting a substantial life-cycle cost savings.

E2.8. Replenishment Part. A repairable or consumable part, required to resupply initial stockage or increased stockage for reasons other than support of newly fielded end items. Subassemblies, components, and subsystems are included.

E2.9. Sample. An item of production owned by a DoD Service or Agency that meets the item of supply definition above for a specified replenishment part.

E2.10. Technical Data Package (TDP). A technical description of an item adequate for acquisition and engineering support. The description defines the required design configuration and ensures adequacy of item performance. A TDP consists of all applicable technical data such as plans, drawings, and associated lists, specifications, standards, models, performance requirements, quality assurance provisions, and packaging data.

E2.11. Unstable Part. The design of a part is considered to be unstable if its engineering, manufacturing, or performance characteristics (or those of the component for which it is a part) indicate that the required design objectives have not been achieved; and major changes are contemplated to "input-output" or "form-fit-function" characteristics; and these changes would render the part obsolete and unusable in the present configuration.