

16.406 Contract clauses.

(a) Insert the clause at [52.216-16](#), Incentive Price Revision-Firm Target, in solicitations and contracts when a fixed-price incentive (firm target) contract is contemplated. If the contract calls for supplies or services to be ordered under a provisioning document or Government option and the prices are to be subject to the incentive price revision under the clause, the contracting officer shall use the clause with its Alternate I.

(b) Insert the clause at [52.216-17](#), Incentive Price Revision-Successive Targets, in solicitations and contracts when a fixed-price incentive (successive targets) contract is contemplated. If the contract calls for supplies or services to be ordered under a provisioning document or Government option and the prices are to be subject to incentive price revision under the clause, the contracting officer shall use the clause with its Alternate I.

(c) The clause at [52.216-7](#), Allowable Cost and Payment, is prescribed in [16.307\(a\)](#) for insertion in solicitations and contracts when a cost-plus-incentive-fee contract or a cost-plus-award-fee contract is contemplated.

(d) The clause at [52.216-10](#), Incentive Fee, is prescribed in [16.307\(d\)](#) for insertion in solicitations and contracts when a cost-plus-incentive-fee contract is contemplated.

(e) Insert an appropriate award-fee clause in solicitations and contracts when an award-fee contract is contemplated, provided that the clause-

(1) Is prescribed by or approved under agency acquisition regulations;

(2) Is compatible with the clause at [52.216-7](#), Allowable Cost and Payment; and

(3) Expressly provides that the award amount and the award-fee determination methodology are unilateral decisions made solely at the discretion of the Government.

Parent topic: [Subpart 16.4 - Incentive Contracts](#)