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COST REIMBURSEMENT CONTRACT

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EDUCATIONAL

*J. Mudge - PPC 10/22/73  
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A. Schmitt*

AGENCY FOR INTERNATIONAL DEVELOPMENT NEGOTIATED CONTRACT NO. AID *Contract-6-73-241*

NEGOTIATED PURSUANT TO THE FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED, AND EXECUTIVE ORDER 11223	TOTAL ESTIMATED CONTRACT VALUE \$21,779
CONTRACT FOR: A Study of the Micro-Economic Aspects of ITC Export Incentives	CONTRACTOR (Name and Address) University of Michigan
PROJECT NO: 931-17-995-573	NAME F
ISSUING OFFICE (Name and Address) Office of Contract Management Agency for International Development Washington, D.C. 20523	STREET ADDRESS Ann Arbor, Michigan 48104
ADMINISTRATION BY Issuing Office	CITY, STATE, AND ZIP CODE
MAIL VOUCHERS (Original and 3 copies) TO: Office of the Controller Agency for International Development Washington, D.C. 20523	COGNIZANT SCIENTIFIC/TECHNICAL OFFICE Office of Policy Development and Analysis, Bureau for Program and Policy Coordinator ACCOUNTING AND APPROPRIATION DATA PIO/T NO. 931-17-995-573-73-312760 APPROPRIATION NO. 72-113100 ALLOTMENT NO. 356-31-99-00-22-33
EFFECTIVE DATE September 1, 1973	ESTIMATED COMPLETION DATE December 31, 1974

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The United States of America, hereinafter called the Government, represented by the Contracting Officer, according to this Contract, and the Contractor, an educational institution chartered by the State of Michigan with its principal office in Ann Arbor, agree that the Contractor shall perform all the services set forth in the attached Schedule, for the consideration stated therein. The rights and obligations of the parties to this contract shall be subject to and governed by the Schedule and the General Provisions. To the extent of any inconsistency between the Schedule and the General Provisions and any specifications or other provisions which are made a part of this contract, by reference or otherwise, the Schedule or the General Provisions shall control. To the extent of any inconsistency between the Schedule and the General Provisions, the Schedule shall control.

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This Contract consists of this Cover Page, the Table of Contents, and the Schedule consisting of 6 pages, the General Provisions (Form AID 1420-23C), dated June 1973, and Attachment A.

NAME OF CONTRACTOR UNIVERSITY OF MICHIGAN <i>C. W. Matthews</i>	UNITED STATES OF AMERICA AGENCY FOR INTERNATIONAL DEVELOPMENT
BY (Signature of authorized individual) C. W. MATTHEWS	BY (Signature of Contracting Officer) <i>L. E. Stanfield</i>
TYPED OR PRINTED NAME Project No. <u>931-17-995-573-73</u>	TYPED OR PRINTED NAME <u>L. E. Stanfield</u>
DATE <u>JUNE 29, 1973</u>	DATE <u>JUN 29 1973</u>
TITLE Obligation No. <u>3137860</u>	CONTRACTING OFFICER
Object Class <u>259</u>	
Allotment <u>356-31-99-00-22-33</u>	
Amount \$ <u>24,979.00</u>	
By (initials) <u>JEM</u>	

AID 1420-23A (4-73)

AID/CONT/ACC/WAF

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SCHEDULE

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GENERAL PROVISIONS

The General Provisions applicable to this contract consist of "General Provisions, Cost Reimbursement Contract with an Educational Institution" which includes provisions 1 through 37.

SCHEDULE

ARTICLE I - STATEMENT OF WORK

For a period as hereinafter set forth on the Schedule, the Contractor shall make available and supply its facilities and personnel to conduct a study and prepare a report on the micro-economic aspects of LDC export incentives. This study shall be used by the Office of Policy Development and Analysis (PPC/PDA) to analyze the applicability and effectiveness of this empirical technique in evaluating the impact of export promotion incentives and individual firm's reaction to those incentives.

A. General

This study shall examine the micro-economic aspects of LDC export incentive policies. Specifically, this study shall investigate the reaction of individual firms and industries to various export incentive measures. Efforts shall be made to determine the types of incentives necessary to elicit appropriate reaction and whether the observed reactions are similar to those which would be predicted by traditional macro-economic analysis.

B. Specific

The primary method of investigation shall be a questionnaire survey of a selected number of firms in the export sector. In addition, limited information collection shall be conducted in areas related to export firms such as banks and the most relevant government agencies as a means of providing a broader data base.

The project shall consist of several stages including (1) the development and preparation of the questionnaire, (2) the

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conducting of the survey , (3) the analysis and preparation of the data to take place in the study country and in the United States, and (4) the preparation of the final report.

1. The questionnaire format shall be developed and prepared by the Contractor's principal investigator. Prior to full-scale implementation, the questionnaire shall be tested both at the University of Michigan and in the sample country with respect to reliability and accuracy. The study country shall be determined jointly by the Contractor and PPG/PDA. The survey itself shall be conducted in the study country, with the assistance of local participants under the direction of both the principal investigator and a host country co-director.

In order to elicit information on the micro economic aspects of export incentives, the questionnaire shall contain questions regarding the economic condition and environment of the firm including the eligibility of the firm for various types of export incentives. A second avenue of investigation shall attempt to elicit responses regarding the attitudes and perception of the firm or industries to export incentives. This is in the way of forming a more precise idea of how the firm's perception of export promotion policies differs from the intent of the policies, and more importantly, how an export stimulation program affects perceived variables (risk, profit expectations, etc.) and the firm's own decision process. Overall the study shall concentrate on the interface between macro policy measures and micro responses.

2. Following preparation of the questionnaire, the principal investigator shall visit the study country to obtain the assistance of local participants, probably from local universities. These local participants shall be given the questionnaire and instructed on how to perform this survey. During the academic year, results shall be collected and preparation shall be made for the statistical analysis including both the computer routines and the theoretical hypotheses underlying the analysis. In the latter part of the study period, the principal investigator shall again visit the study country, collect any surveys not received, and make the final check of all aspects of the interviewing, including techniques and coverage, to insure reliability of these sample results.

3. The assistants shall then tabulate the results and perform regression and factor analyses on them to determine what role export promotion policies play in the actions and performance of micro-economic units. The results of these statistical analyses shall then be compared to those predicted by traditional economic theory with specific attention paid to policy implications of divergent results. The principal investigator shall perform the final statistical calculations and analysis of results.

4. The Contractor shall prepare a final study report, in 250 copies, which shall be delivered to PPC/PDA within 45 days after the expiration date of this contract.

#### ARTICLE II - TECHNICAL DIRECTIONS

Performance of the work hereunder shall be subject to the technical directions of the cognizant A.I.D. Scientific/Technical Office

indicated on the Cover Page. As used herein, "Technical Directions" are directions to the Contractor which fill in details, suggest possible line of inquiry or otherwise complete the general scope of the work. "Technical Directions" must be within the terms of this contract and shall not change or modify them in any way.

#### ARTICLE III - KEY PERSONNEL

A. The key personnel which the Contractor shall furnish for the performance of this contract are as follows:

Charles Philip Staelin, Principal Investigator

B. The personnel specified above are considered to be essential to the work being performed hereunder. Prior to diverting any of the specified individuals to other programs, the Contractor shall notify the Contracting Officer reasonably in advance and shall submit justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on the program. No diversion shall be made by the Contractor without the written consent of the Contracting Officer; provided, that the Contracting Officer may ratify in writing such diversion and such ratification shall constitute the consent of the Contracting Officer required by this clause. The listing of key personnel may, with the consent of the contracting parties, be amended from time to time during the course of the contract to either add or delete personnel, as appropriate.

#### ARTICLE IV - PERIOD OF CONTRACT

The effective date of this contract is September 1, 1973, and the estimated completion date is December 31, 1974.

#### ARTICLE V - TOTAL ESTIMATED COST

The total estimated cost of this contract to the Government is \$24,979.

*Done at Washington, D.C. on 10/1/73*

ARTICLE VI -- BUDGET

The following budget sets limitations for reimbursement of dollar costs for individual line items. Without prior written approval of the Contracting Officer, the Contractor may not exceed the grand total set forth in the budget hereunder nor may the Contractor exceed the dollar costs for any individual line item more than 15% of such line item.

BUDGET

<u>Category</u>	<u>Amount</u>
Salaries and Wages	\$8,745
Fringe Benefits	1,098
Stipends for Student research	2,475
Services of interviewers (study country)	1,526
Travel and Transportation	4,360
Other Direct costs	1,175
Indirect costs (Overhead)	<u>5,600</u>
TOTAL	\$24,979

ARTICLE VII - COSTS REIMBURSABLE

The United States dollar costs allowable under the contract shall be limited to reasonable, allocable, and necessary costs determined in accordance with the Clause of the General Provisions of this Contract entitled "Allowable Cost and Payment".

ARTICLE VIII - ESTABLISHMENT OF OVERHEAD RATES

Pursuant to the provisions of the Clause of the General Provisions of this contract entitled "Negotiated Overhead Rates", a rate or rates shall be established for the period beginning September 1, 1973

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and ending June 30, 1974. Pending establishment of final overhead rates for the initial period, provisional payments on account of allowable indirect costs shall be made on the basis of the following negotiated provisional rate applied to the base which is set forth below:

On - Campus 57.6% of direct salaries and wages including all fringe benefits.

ARTICLE IX - ALTERATIONS IN CONTRACT

The following alterations have been made in the provisions of this contract:

A. General Provision No. 9, "Limitations of Funds" is deleted from the contract and Attachment A, General Provisions No. 38 "Limitation of Costs(June 1973)" is inserted in lieu thereof.

B. All references in the General Provisions to the "Operational Plan" are amended to refer to Article I of this Contract.