



E-TENDERING PROCESS OF THE BANGLADESH BANK: A TCV+ STUDY

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i. ACRONYMS

a2i	Access to Information
BBS	Bangladesh Bureau of Statistics
SPSS	Statistical Package for the Social Sciences
TCV	Time cost and visit
BB	Bangladesh Bank
MoF	Ministry of Finance
UNDP	United Nations Development Program

ii. EXECUTIVE SUMMARY

As an era of modern technology, e-tendering is widely used by government organizations for purchasing goods and services from stakeholders. The process of e-tendering system replacing manually practiced tendering system as manual one is a costly and slow process. Likewise, with a view to reducing time, cost, visit, and hassle; the Bangladesh Bank has introduced an automated tendering process called e-tendering in May 2010. Every user has own 'user id' and 'password'. Personal information can only be accessed by that user. Bidders will be able to view/update their profile and can bid in tenders.

A study was conducted on e-tendering system of the Bangladesh Bank. The main purpose of this study was to evaluate e-tendering process, whether it could save time, cost, and visit of the bidders. The study also motivated to explore the amount of time, cost, and visits; if any.

To sum up the findings, study revealed that e-tendering process of the Bangladesh Bank has reduced TCV (time, cost and visit) at 83%, about 99% and 100% respectively. The study also showed that manual process consumed (time, cost and visit) 6 hours, BDT 713 and double (2) visits on average whereas e-tendering system consumed 1 hour, BDT 8 and no visit on average for completing tendering process. Thus, in new process TCV (time, cost and visit) has saved by 5 hours, BDT 705 and double (2) visits on average respectively.

According to the Bangladesh Bank officials, e-tendering process has brings with many opportunities like; reduction in organizations' cost of tender publication, end up illegal manipulation, bidder satisfaction, hassle, and an integrated data base of tendering. However, like others automation system internet condition of the country is the main hindrance of e-tendering process of the Bangladesh Bank.

1 INTRODUCTION AND BACKGROUND

Tendering is a means of the government to fairly assign contracts. Over the years, the basic principles of the tendering process have been practiced in purchasing goods, seeking service providers, or the selection of main contractors for work. Towards ensuring e-governance, Bangladesh government has already taken many steps. Consequently, the Bangladesh Bank has introduced e-tendering process for assigning contracts in May 2010, bringing an end to the traditional tendering process.

Traditional tendering process required the bidder to collect tender form from the Bangladesh Bank. For this purpose, often they had to wait in a long queue. The bidders had to fill the form, quote the amount, and attached the required documents. Then, the bidders submitted the tender file in the Bangladesh Bank office. The entire process required multiple visits ultimately consumed more time and cost. In addition, there were always questions of ensuing equal opportunity of participation and reducing tender manipulation in traditional systems.

In e-tendering system bidding process is managed through internet. Bidder can attend in tendering process from anywhere which has greatly improved the accessibility of bidders. E-tendering process is also associated with lots of prospects including reducing time and cost for both the purchaser and the bidder.

In this respect, a complete web-based system has been introduced which has given the Bangladesh Bank authority to publish all tender notice in the internet and the bidders to be informed through the Bangladesh Bank's official website. Here, bidders only have to do is register in Bangladesh Bank's website. The bidder can create their profile and submit bids. Registration process requires submitting a scanned copy of supporting documents. Then, examining the submitted bids, the Bangladesh Bank authority can assign the contracts. The winners are notified of awarding bids by e-mail.

2 OBJECTIVES

The study was conducted to investigate TCV (time, cost and visit). It also motivated to find out the benefits like beneficiaries' attitude and their satisfaction about e-tendering system of Bangladesh Bank. The specific Objectives of the study are:

- To analyze the amount of time and cost saved on average for getting e-tendering service of Bangladesh Bank.
- To determine the number of visits saved on average of the beneficiaries of e-tendering system of Bangladesh Bank.
- To explore the service oriented satisfaction of e-tendering system of Bangladesh Bank.

3 METHODOLOGY

The study used both the quantitative and qualitative methods to fulfill its objectives. Information was collected through structured interview in questionnaire. The study was also conducted through in-depth interviews from different clusters of respondents. However, detail indication of the methods and process followed in conducting the study could be summarized as follows:

3.1 Research Approach and Design

This study was both qualitative and quantitative in nature. This study defines quantitative research as a formal, objective, systematic process to describe and test relationships and examine cause and effect interactions among variables. With a view to collect accurate, portrayal or account of the characteristic information, a descriptive survey design was used, it provided with behavior, opinions, abilities, beliefs and knowledge of a particular individual, situation or group. The proposed study was based upon primary data. However, the secondary data was reviewed for conceptualize the problem, understand the situation and define the problem statement for the project; and assess relevancy, efficiency and effectiveness of the intervention.

3.2 Study Area and Population

This study was conducted on e-tendering service of Bangladesh Bank. Therefore, the bidders who participate in e-tender of Bangladesh Bank are considered as the study population. The Bangladesh Bank, the central bank and apex regulatory body for the country's monetary and financial system, was established as a body corporate vides the Bangladesh Bank Order, 1972 with effect from 16th December, 1971. It has ten offices located at Motijheel, Sadarghat, Chittagong, Khulna, Bogra, Rajshahi, Sylhet, Barisal, Rangpur and Mymensingh in Bangladesh including its head office located at Motijheel, Dhaka. However, this study was conducted among the officials of companies who participated in e-tender of head office of Bangladesh Bank. Thus the respondents of the study were mainly from Dhaka city.



3.3 Data Collection

Data were collected through structured interviews by questionnaires. Study used random sampling method. In total 100 bidders of e-tendering were interviewed in this purpose. The study was conducted among different bidding company who participated in e-tendering of Bangladesh Bank. The study included the owners, the managers, and others officials of such companies as respondents in its interview.

3.4 Limitations of the study

The study has been completed its survey. However, there were some limitations which provide some concern for further studies. The researchers faced several challenges while collecting data. Such as;

1. Getting contact numbers of bidders from service providing authority.
2. Lack of willingness of bidders to give sufficient time for survey over phone.
3. Getting proper cooperation to convey any interviews in person within limited timeframe.

3.5 Data Analysis

Data entry or importation was done concurrently with data collection. Data was analyzed into SPSS software (IBM, v22). The researchers reviewed, edited and cleaned the data by performing a series of frequency and data range checks. Any inconsistencies were checked visually by comparing the electronic entry to the entry on the original questionnaire. Data was analyzed by using descriptive statistics. Then the draft report was prepared, and finalized through continuous feedback and incorporation of these feedbacks.

4 FINDINGS

4.1 Information of the Informants

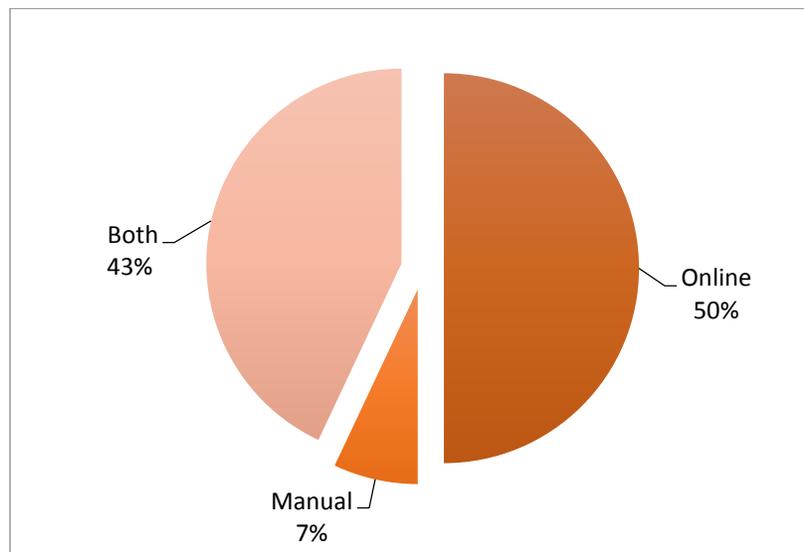


Figure 1: Way of bidding

Findings revealed that of the informants, about 50% of them submitted tender online, 43% of them submitted tender both, and rest 7% bid in manual process. Analyzing in multiple response, study found that about 93% of the respondents opined that they used e-tendering system and 50% of the informants bided in manual process.

TCV Analysis

The study was aimed at exploring TCV (time, cost and visit) saved on average due to e-tendering service of the Bangladesh Bank. Findings shown as follow-

Time required applying for tender

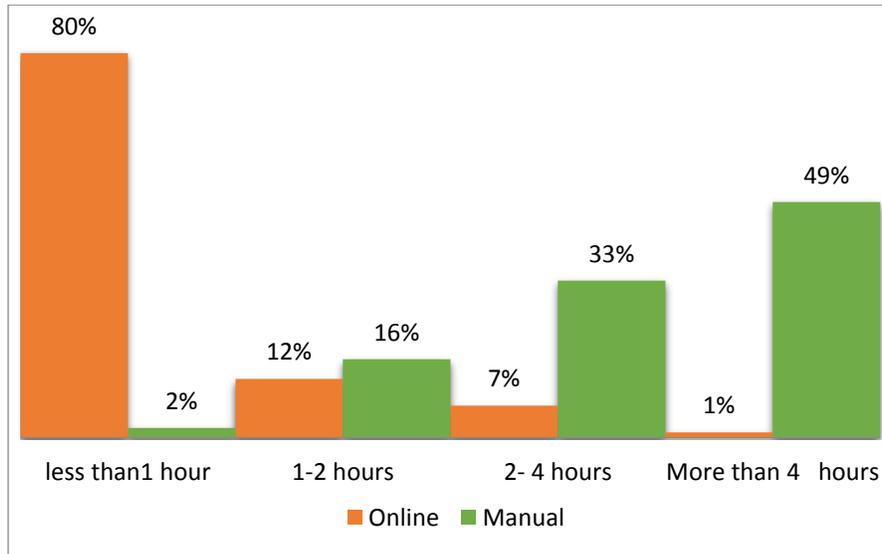


Figure 2: Time required in both online and manual process

Figure 2 provides the information about required time for completing the tendering process in both online and manual system. Findings revealed that 80% of the respondents mentioned, they needed less than 1 hour to compete through e-tendering process followed by 19% of them needed 1 to 4 hours. In contrast, about 49% opined that, it took more than 4 hours followed by another 49% within 1-4 hours and only 2% within 1 hour for bidding service manually.

Cost required applying for tender

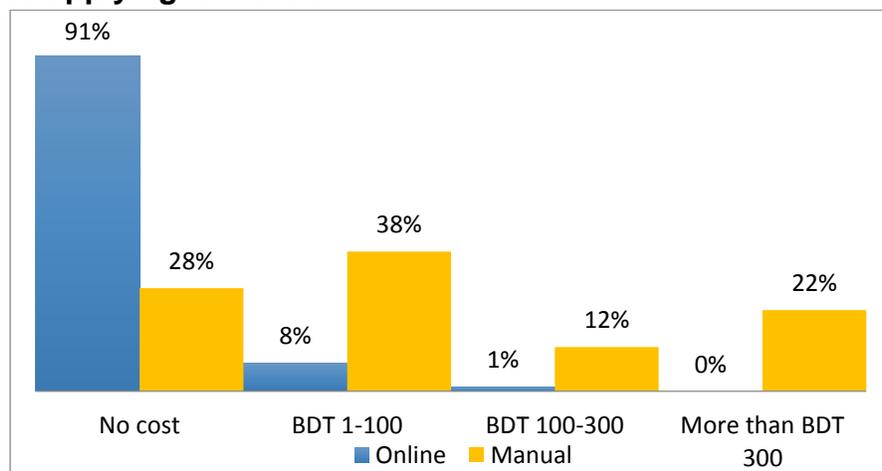


Figure 3: Cost required in both online and manual tendering

Figure 3 shows the cost to complete the tendering process in both online and manual system. Study revealed that 91% of the respondents mentioned that it required no cost

in e-tendering application process while only 28% of them expressed that they needed no cost for apply in tender manually. About 9% bidders who applied in e-tender opined that it took BDT 100 to BDT 300 for bidding. On the other hand, 50% of the bidders who apply manually stated that, it took BDT 100 to BDT 300 even 22% of them cited more than BDT 300 to complete the tendering procedure. The current value of BDT is 1 USD equal to 78.2096 BDT as on 31 December, 2015.¹

Visits required applying for tender

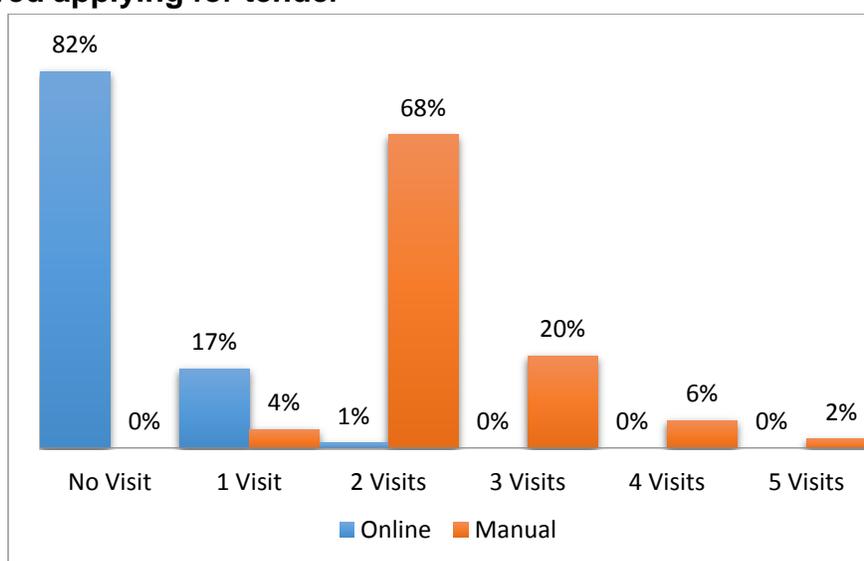


Figure 4: Visit required in both online and manual tendering

Figure 4 depicts the visit required to complete tendering process in both online and manual system. About 82% informants who bid in e-tendering process mentioned, they applied for tendering process without visit, followed by 17% and 2% mentioned single and 2 visits respectively. In contrast, only 4% of the bidders who bid manually could complete tendering process by single visit followed by 68% by two visits. Findings also showed that about 28% bidders needed more than 3 visits even 5 visits for competing in tender manually.

¹ Source link: <https://www.poundsterlinglive.com/best-exchange-rates/us-dollar-to-bangladesh-taka-exchange-rate-on-2015-12-31>

Comparative analysis of TCV (Time, Cost, Visit)

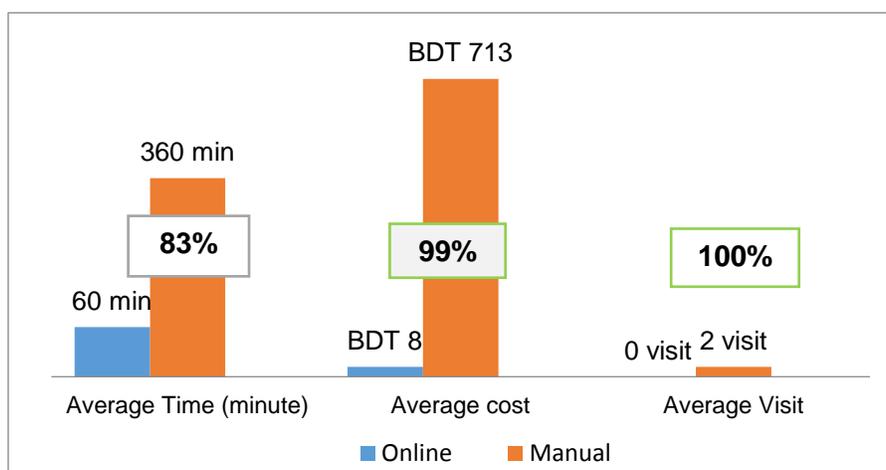


Figure 5: Average Time, Cost and Visit

Chart 5 shows the comparison of the time, cost and visit required for tendering process in both online and manual system. Findings revealed that manual process consumed about 6 hours and BDT 713 on average whereas e-tendering system consumed about 1 hour and BDT 8 on average for completing tendering process. Even, through e-tendering the bidders can complete the bid without visit while manual tendering required double (2) visits.

Regarding the comparison, it can be seen that newly introduced e-tendering process reduced the time, cost and visits by 5 hours, BDT 705 and double (2) visits on average respectively. Thus the new system of e-tendering process drastically reduced TCV (time, cost and visit) at 83%, about 99% and 100% respectively.

Level of satisfaction

Regarding the levels of satisfaction of the informants, study revealed that in online service about 52% beneficiary were very satisfied, followed by 16% and 31% were moderately satisfied and satisfied with e-tendering process of the Bangladesh Bank. On the other hand, only 2% of the informants who bid through e-tendering process expressed dissatisfaction with the service.

Levels of satisfaction	Percentages (%)
Very satisfied	52
Moderately satisfied	16
Satisfied	31
Dissatisfied	2

Table 1: Levels of informants' satisfaction

Advantages of proceedings through e-tendering

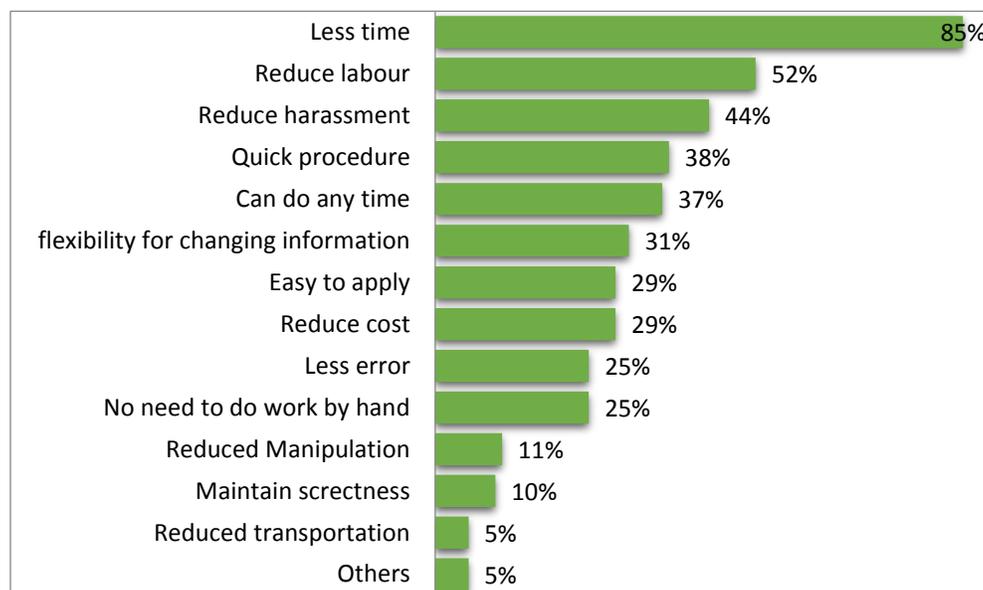


Figure 6: Advantages of E-tendering

Figure 6 shows the advantages of applying in online. Analyzing the into multiple responses, Findings revealed that about 85%, 52%, 44%, 38%, 37% and 31% of informants mentioned that main advantages of e-tendering process were less time, reduce labor, reduce harassment, quick procedure and can apply any time respectively. Respondents also stated other facilities such as flexibility of changing information, easy to apply, reduce cost, less error, no need to do work by hand, no problem to drop tender, maintain secretes, etc.

Drawbacks of proceedings through e-tendering

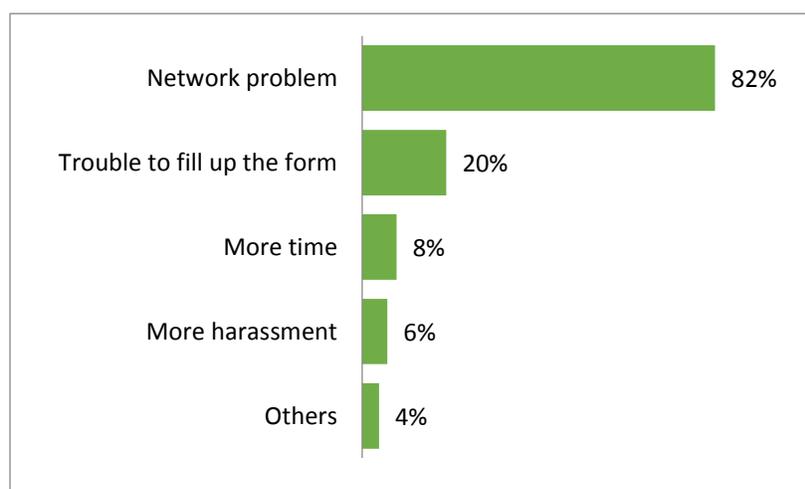


Figure 7: Disadvantages of E-tendering

Figure 7 shows the drawbacks of e-tendering process. Analyzing them into multiple responses finding showed that network speed or server speed (according to 82% of the respondents) is the key hindrance of e-tendering process of the Bangladesh Bank. Besides, trouble to fill up form, more time, and more harassment were the main disadvantages of e-tendering process of the Bangladesh Bank.

5 RECOMMENDATION

Although e-tendering system reduced TCV (time, cost, and visit), there are still much rooms of improvement. Based on the findings some way forwards may contribute towards the better service through e-tendering process. Such as;

- Like others automation system internet condition of the country is the main hindrance of e-tendering process of the Bangladesh Bank. Therefore, to get full advantages of electronic procedure of tendering process, it is necessary to upgrade the server in terms of bandwidth and capacity.
- The existing e-tendering procedure of the Bangladesh Bank still requires the bidders to submit payment visiting in a banking branch. For further digitizing e-tendering system, it is necessary to introduce online banking/mobile payment system.

- The whole bidding procedure in e-tendering of the Bangladesh Bank still requires submitting a set of hard copy document for application; it should be develop as a paperless process.
- Findings revealed that the bidders find difficulties in existing e-tendering procedure while applying; the application system should be made more users friendly.

6 CONCLUSION

E-tendering perceived to be an alternative means that leads tendering process of government in to the better, more efficient and effectiveness. E-tendering process created an open environment that facilitated equal opportunity. By overcoming many manual problems, e-tendering process of the Bangladesh Bank bought many benefits for both the government and the bidders. This system facilitated in decreasing costs and time. In addition, it increased in competition, and improvements in transparency enhancements in the overall quality of tendering management. Therefore, this web-based system can be applied to all government organizations in removing the existing difficulties of the tendering system in Bangladesh.