Thesis Report

on

Procurement Process of Democracy International, Inc.

Submitted by:

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MSCM2301028011

Program: MBA in Supply Chain Management (MSCM)

Major: Supply Chain Management

Department of Business Administration

Sonargaon University (SU)

Submitted to:

Department of Business Administration

Faculty of Business

Sonargaon University (SU)

Submitted for the partial fulfillment of the degree of

MBA in Supply Chain Management (MSCM)

Sonargaon University (SU)

Date of Submission: January 7, 2025

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Date of Submission: January 7, 2025

Letter of Transmittal

January 7, 2025

Mst. Marium Akter

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Subject: Submission of thesis report on "Procurement Process of Democracy International, Inc.".

Dear Madam,

With most respectfully to state that I am pleased to submit my thesis report titled **"Procurement Process of Democracy International, Inc."**. This report is an essential part of my MBA degree requirements, and I had the privilege of completing my Thesis at Democracy International, Inc. under your guidance. This report reflects the current Procurement practices essential for organizations in our country. I have made an effort to include relevant details while keeping the report concise.

I kindly request your assessment of this report. Your feedback would be greatly appreciated. Thank you for your time and consideration.

Yours Sincerely,

_____

Md. Saiful Islam

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Declaration of Student

I am **Md. Saiful Islam**, a student in the Master of Business Administration program with **ID: MSCM2301028011** at Sonargaon University. I want to sincerely state that the report titled "Procurement Process of Democracy International, Inc." has been genuinely created by me. During the preparation of this report, I ensured full compliance with international copyright regulations. I also want to clarify that this report has not been submitted anywhere else for the purpose of obtaining a degree.

Yours Sincerely,

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Letter of Authorization

I hereby confirm that the project report titled **"Procurement Process of Democracy International, Inc."** is a genuine effort by **Md. Saiful Islam** the research was conducted under my guidance. I also affirm that, to the best of my knowledge, the content presented in this report has not been included in any other project report or dissertation that led to the award of a degree to any candidate earlier, whether in the same context or a different one.

Mst. Marium Akter
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Acknowledgment

I would like to extend my gratitude for the invaluable assistance and sincere cooperation provided by various individuals in the preparation of this report. It's impossible to adequately thank all the wonderful people who directly or indirectly contributed to the successful completion of this report. I am deeply appreciative of their kind collaboration and support.

First and foremost, I would like to express my thanks to the divine power. Additionally, my foremost appreciation goes to my supervisor, **Mst. Marium Akter**, Lecturer at Sonargaon University (SU), for her crucial guidance, scholarly insights, and unwavering support throughout my study period.

Moving forward, I am grateful to Mohammed Kamruzzaman, Director of Finance and Operations at Democracy International, from whom I gained significant knowledge. I am also thankful to the various staff members from different departments who generously contributed their valuable time and assistance in helping me gather data for this report.

EXECUTIVE SUMMARY

This report is created on the **Procurement Process of Democracy International, Inc.** In today's lively business design, the role of a strong procurement system cannot be excessive. This executive summary summarizes the critical purposes and values of implementing a comprehensive system within an organization.

Democracy International (DI) is a well-regarded organization known for its commitment to excellence in humanitarian aid. Established in Bangladesh for over 20 years, DI began its operations in the country in 2011. The organization was designed to expand the Democratic Contribution and Reform Program (DPR) and the USAID Ain Shoyata Activity, which is funded by USAID and DFID. This program focuses on three key areas:

1. Enhancing public participation, with an emphasis on women and youth development.
2. Improving access to and use of information.
3. Fostering a more approachable political environment.

To strengthen the capacity of political parties to create data-driven policies, DI organized a series of events aimed at utilizing public opinion research. They helped develop effective voting and research methods and supported the integration of research findings into policy advance and communication strategies.

The activities included a related research program that employed focus group discussions, contributing to regional and national surveys, a research training program, and a media monitoring portal. Additionally, DI supported its research initiatives with a Computer-Aided Phone Survey System, the first of its kind in Bangladesh.

Overview:

At Democracy International, an effective procurement system is crucial for the organization’s achievement and operational efficiency. The procurement system is designed to streamline purchasing workflows, ensure regulatory compliance, and maintain transparency through the procurement process. It plays a pivotal role in supporting the organization’s mission by optimizing resource allocation and facilitating timely, cost-effective procurement practices.

Operational Benefits:

Efficiency: Automates tasks, freeing up time for strategic work.

Cost Reduction: Streamlines processes, saving money and optimizing resources.

Real-time Reporting: Provides quick, accurate reports for informed decision-making.

Security and Confidentiality:

The procurement system at Democracy International prioritizes the protection of sensitive information, employing robust security measures to guard against unauthorized access and data breaches.

Continuous Improvement:

Regular feedback and improvement loops promote a culture of continuous improvement, enabling the procurement system to evolve in response to organizational needs and external changes. This ongoing process ensures that the system remains adaptable and efficient, further supporting Democracy International's long-term goals.

LIST OF ACRONYMS

DI	Democracy International
INGOs	International Non-Government Organizations
BIDA	Bangladesh Investment Development Board
PR	Purchase Request
RFQ	Request For Quotations
RFP	Request for Proposal
PO	Purchase Order
SOW	Scope of work
ITBs	Invitation for Bid

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CHAPTER: 01

INTRODUCTION

1.1 Introduction

Democracy International (DI) plays a distinguished role in procurement, combining a strong corporate orientation with a commitment to democratic authority. Procurement is a vital function in the public sector, directly shaping the supply of structure, goods, and services necessary for national development. However, the procurement system in Bangladesh has faced persistent challenges that undermine its effectiveness and transparency. Issues such as corruption, inefficiency, lack of accountability, and political interference have long stalled procurement processes, controlling the country's potential for sustainable development and good governance. These challenges not only affect the quality of public services but also erode public trust in government institutions.

Since its establishment in Bangladesh in 2011, Democracy International (DI) has significantly contributed to the country’s socio-economic progress. As one of the leading international non-governmental organizations (INGOs) in Bangladesh, DI’s work is recognized for its substantial impact in promoting good governance. With approximately 20 years of experience, DI operates under the license of the Bangladesh Investment Development Authority (BIDA), further solidifying its position as a key player in Bangladesh's development efforts.

1.1 Background of the study

In the active and involved business situation of today, role of **Procurement Process of Democracy International, Inc.** has developed increasingly necessary. These systems serve as the backbone for procurement integrity, transparency, and effective management of Procurement and purchasing, as the language of business, plays a fundamental role in recording, reviewing, and interpretation procurement process. It provides a complete understanding of an

organization's procuring needs, enabling stakeholders to make informed decisions. The accurateness and dependability of procurement information are paramount for building faith among partners, staff and other participants. On the contrary, Internal procurement systems act to the meeting organization's needs and ensuring that internal controls are implemented, and procurement processes are following procurement policy standards. The procurement team play a proactive role in mitigating risk management, fraud prevention, and process improvement. Their objective of understandings to the overall efficiency and competence of an organization.

As businesses evolve and adapt to technological progresses, the model of Procurement and Purchasing Process is also experiencing a transformation. Automatic procurement systems and data analytics tools are being integrated to enhance accuracy, reduce manual errors, and provide real-time insights. These changes present both opportunities and challenges, making it imperative for researchers and practitioners to delve deeper into understanding the implications, benefits, and potential risks associated with these developing systems.

This study aims to explore the current state of **Procurement Systems** within organizations, examining the combination of technology, the use of internal controls, and the impact on procurement planning and reporting. By doing so, we expect to contribute valuable understandings that can inform best practices, guide future developments, and ultimately strengthen the financial governance of organizations in an ever-changing business landscape.

1.3 Scope of the Study

The report provides a brief idea about the Business Operations, Management System, Organization Structure, Procurement plan and control of Errors, Procurement Performance as

well as the vendors position with the Procurement system Democracy International, Inc. (DI) in Bangladesh.

The goal of this study is to obtain a concrete idea of the success of Procurement and Purchasing systems in the DI in Bangladesh.

1.4 The objectives of the Study

The Objective is to prepare & submit a report on the topic **"Procurement Process of Democracy International, Inc." (DI)**. -To know the idea and overview of procurement and operations department of the company.

Broad Objective:

To evaluate and enhance the understanding of the procurement process of Democracy International, Inc.

Specific Objectives:

- To highlight DI at a glance.
- To assess Procurement performance of DI.
- To identify the Procurement process, principles and practices of DI.
- To find out the inconsistencies and problem of Procurement of DI.
- To suggest recommendations.

1.5 Research Methodology

Drawing from my educational background, I've acquired various research methodologies. This study provided me with the chance to apply my academic knowledge in a real-world context. Data collection predominantly involved secondary sources.

Primary Source:

- Interview
- Questionnaire
- Observation
- Discussion with various officers and workers.

Secondary Sources:

- Web sites,
- Scholarly articles,
- Different kinds of books.
- Different Publications, documents etc.

1.6 Limitations of the Study

During my research on the procurement system at Democracy International, I faced several challenges that limited the scope and depth of the study:

- **Limited Study Period:** The timeframe for conducting the study was insufficient for a detailed analysis.
- **Inadequate Online Information:** The company's website provided minimal information on its procurement processes.
- **Restricted Access to Offices:** I had limited opportunities to visit all DI offices.
- **Dynamic Operations:** DI's vast and evolving functions made it challenging to collect up-to-date information. Frequent changes in strategy further complicated data collection.

- **Documentation Challenges:** Lack of proper documentation hindered the tracking and analysis of historical procurement data. Poor record-keeping posed difficulties in assessing past decisions and processes, as well as potential compliance risks.
- **Time Constraints as a Working Student:** Balancing work and study restricted my ability to gather all necessary data.
- **Confidentiality Issues:** Employees at the head office were unable to share all relevant information due to confidentiality and other obligations.
- **Lack of Experience:** My limited expertise impacted the overall depth and quality of the study.

CHAPTER -02

LITERATURE REVIEW

2.1 Introduction

The role of procurement systems is to assist organizations in planning and performing procurement activities. This can be done either on a manual basis or electronically. Procurement systems aim to monitor various processes such as supplier and customer management, best practice processes, cost reduction measures, compliance, and transparency. In addition, these systems are used for recording, interpreting, and summarizing the procurement activities of an organization.

Core responsibilities in procurement systems include:

• Specifying how procurement strategies are practiced as per the procedures.

• Analyzing how sourcing practices affect organizational efficiency and effectiveness.

• Identifying and analyzing the possible procurement phases and categories that should be integrated into the system, including purchasing authorizations, requisitions, purchasing orders, and finance documents.

Monczka et al. (2015) define procurement as a series of events such as sourcing external providers for required goods and services, identifying needs, selecting providers, purchasing and contract management.

Policies serve as guiding principles and businesses need to have clear procedures designed to promote efficiency. Methods of evaluation can be developed through ANN models to allow maximum efficiency in procured services. The results to the use of such policies are positive and inflation is kept at bay. It should however be mentioned that there was little focus on the

objectives of procurement. As noted by McMurray (2016) promising policies are designed with careful measures to aid in the purchasing acquisitions that encompass environmental security, community well-being and economic growth. They also state that procurement is operating with the government system in place. Their thorough presence will eliminate many weaknesses, especially concerning the provision of notes for the effective performance of verification processes over each non-governmental body.

2.2 Accruing and Evaluating Evidence on the Procurement Process

In the realm of procurement, the 'evidence' term is rather loose and includes all descriptors that are necessary to respond with authority on whether the information under the review is satisfactory. This evidence is not statuesque as it can be provided from many sources, for instance, official representations made by the procuring entity external communications such as quotes, letters, important legal documents, emails, and observing that includes providing relevant information.

Reaching procurement goals is dependent on the way how procurement evidence is collected as it has to be of good standard and adequately enough. It directed to the procurement team to tell them how much of verification is necessary for each type of evidence so that all the available information meet the set standards and values. This procedure is necessary for the proper and realistic procurement activities as well as decision-making.

2.3 Measurable Information and Established Criteria

To undertake a successful procurement process, two principal conditions need to be ensured in advance. The first condition is the possession of quality information that can be checked. The second condition involves having clear cut criteria for determining how accurate that

information is. There are a variety of quantitative indicators, which reflect various aspects of the procurement process. For instance, this relates to the verification of documents and legal basis of an individual; or evaluation of a firm's ability to execute the contract; or the estimation of the time needed for the implementation of the contract so that the set deadlines are honored; or cost comparison of construction contracts made by different state organs for budgetary control purposes; or even economic procurement involving individuals or firms to determine the legitimacy of costs incurred in such activities.

The principles to evaluate the accuracy and reliability of this quantitative data can vary widely depending on the context and specific objectives of the procurement process. For example, procurement procedures when buying raw materials via a vendor's invoice, aim to ensure that the materials delivered are of the quantity and value agreed upon. Additionally, it is important to confirmed that the purchase aligns with the organization's operational needs, addressing any potential demand fluctuations or project requirements. Furthermore, the pricing of the materials must be assessed to ensure it is reasonable and within budgetary constraints.

Ultimately, the criteria applied throughout the process are customized to meet the particular audit objectives, and ensure that all features of the procurements are transparent, accountable, and aligned with the organization's goals. By adhering to these values, organizations can enhance procurement practices, mitigate risks, and achieve better results for all shareholders involved.

2.4 Procuring Process Entity

Before starting a buying process, setting clear rules for the work needed is important. This helps everyone understand what the project needs and aims to achieve. The first part of any economic

analysis involves looking at the possible economic effects of the purchase, along with a detailed look at the timeframe being considered. This timeframe might include short-term impacts or long-term effects, based on what is being bought.

A financial entity usually has a clear legal status, which can be a company, a government body, a partnership, or a sole owner. Each of these types has different legal rules that influence the buying process. Also, sometimes a financial entity can include parts of a bigger organization or individual business people who are interested in buying opportunities. Knowing the type of entity involved is crucial for following rules and operating effectively.

The buying entity is the one that purchases goods, services, or works through the process. This entity is key in defining the needs, reviewing bids, and choosing suppliers or contractors. Procurement activities can occur on various timelines, which may be defined as daily, monthly, quarterly, annually, or over the entire lifecycle of the financial entity. The specific schedule in procurement is influenced by the object's strategic goals, operational requirements, and budgetary considerations. For example, some projects may require nonstop procurement to uphold operations, while others might adhere to a more structured, periodic purchasing schedule. Overall, the procurement timeline should align with all objectives and ensure efficient resource allocation.

2.5 Review of relevant literature on the procurement process

DI is committed to demonstrating how its procurement strategies, practices, and policies operate and use to benchmark these against broader procurement actions and best practices. As the

organization specializes in governance, democracy-building programs, and international development, in DI's processes have distinctive features that are adapted for these specific areas.

Key components of DI's procurement review framework include:

Transparency and Accountability: A crucial need for transparency in the procurement space is evident from research that also emphasizes its potential to combat dishonesty in the procurement of goods while ensuring proper utilization of donor funds (UNDP, 2018). As a global body, DI is almost certainly accustomed to the strict transparency measures necessary to meet the compliance demands that its donors impose.

Regulatory Compliance: Procurement requirements are aligned to local laws, donor requirements and international regulations. Literature shows that procurement policies should be able to adapt to the diverse legal frameworks and environmental conditions present in various countries and regions (Thai, 2001).

DI's Procurement Policies and Procedures: DI will likely develop procurement policies that conform to international standards and are tailored to reflect the specific requirements of its programs.

Local Procurement and International Procurement: Various organizations, such as the World Bank, often write about the balance between local sourcing and international procurement, typically juxtaposing cost-effectiveness and stimulating local economies

(McMurray, 2016). DI may prefer to procure locally whenever possible to help build capacity in the countries in which it operates.

Sustainability in Sourcing: Modern literature witnesses an increasing emphasis on sustainability and responsible sourcing. Organizations like DI will probably introduce sustainability considerations in the sourcing process based on the larger objective of social responsibility and environmental stewardship (McMurray, 2016).

E-Procurement and Digital Tools: In recent years, the development of e-procurement systems profoundly improved the efficiency, accountability, and transparency of procurement procedures.

Digital Procurement Systems: The literature indicates that organizations with international operations, much like DI, are now increasingly turning to e-procurement systems to streamline purchasing, automate a variety of tasks, and provide real-time insight into procurement activities (Rejeb, 2018). This approach may be particularly favorable for DI as it soars through procurement on various fronts, which tend to be complicated, by virtue of its multi-regional endeavors.

Benefits of E-Procurement: A plethora of studies indicate that e-procurement improves the speed and economy of government operations, reduces administrative expenses, and enhances the analytical abilities of decision-makers through real-time insights (Zsidisin & Ellram, 2003). These offer opportunities that mesh well with DI's goal of efficiently utilizing resources in its international initiative’s transparency of procurement processes.

Procurement Performance and Evaluation: Monitoring procurement performance is vital for assessing the efficiency of procurement activities.

Monitoring and Evaluation Systems: Literature proposes that organizations like DI should establish comprehensive monitoring and evaluation systems to assess procurement performance and confirm that objectives are being met (Kraljic, 1983). These mechanisms also assist in pinpointing areas for improvement and refining procurement strategies for future endeavors.

Feedback Mechanisms: An effective procurement performance review should incorporate feedback from stakeholders—including local partner, dealers, and beneficiaries. Studies disclose that such reaction is helpful in purifying procurement practices and improving overall outcomes (Croom & Brandon-Jones, 2007).

2.6 Gaps in the relevant literature review

Here are some identified gaps in the literature concerning the procurement process at Democracy International:

Specific Procurement Practices: There is limited research on procurement practices that are tailored to the unique political and socio-economic environments of the countries where Democracy International operates.

Sustainability in Procurement: There is a lack of focus on how Democracy International specifically integrates sustainability into the procurement processes.

Risk Management in Conflict Zones: There is insufficient study on managing procurement process risks in conflict-affected or fragile states where Democracy International operates.

Digital Procurement Systems: Research on the challenges of digital procurement systems in international development organizations like Democracy International is limited.

Supplier Diversity and Inclusion: There is little research on how Democracy International incorporates supplier diversity and inclusion into its procurement strategies.

CHAPTER -03

ORGANIZATIONAL OVERVIEW

3.1 Organizational Background

Democracy International (DI) is a global organization committed to advancing democratic governance and strengthening civil society through impactful development programs. Established in 2003 by co-founders Eric Bjornlund and Glenn Cowan, DI addresses the growing need for professional expertise in democratic assistance and governance reform. Initially focused on supporting democratic transitions in post-conflict and transitioning states, the organization has expanded its operations to encompass a diverse range of initiatives across multiple regions.

With its headquarters in the United States, DI collaborates with governments, civil society organizations, and international donors to implement projects that strengthen democratic institutions and processes. In Bangladesh, DI works closely with government agencies, civil society organizations, and other stakeholders to promote democratic values, improve governance systems, and uphold human rights.

DI's efforts in Bangladesh emphasize key areas such as electoral integrity, political party development, parliamentary strengthening, and the promotion of free and fair elections. These initiatives align with the organization's core principles of inclusivity, transparency, and accountability, fostering civic engagement and strengthening democratic practices in the country. Through its global and regional efforts, Democracy International continues to play a pivotal role in enhancing democratic governance worldwide.

3.2 Vision

Democracy International envisions a world where fair, transparent, and inclusive democratic processes empower communities and uphold human rights. Through reforms, civic participation, and accountability, we strive to create lasting positive change for future generations.

3.3 Mission

- **Supporting electoral processes:** Ensuring free, fair, and transparent elections through technical assistance and capacity-building for electoral management bodies.
- **Promoting political party development:** Assisting political parties in adopting democratic practices, building organizational capacity, and engaging with the public.
- **Strengthening civil society:** Empowering local civil society organizations to advocate for democratic reforms and human rights.
- **Enhancing governance:** Providing support for good governance and institutional transparency, including anti-corruption efforts.

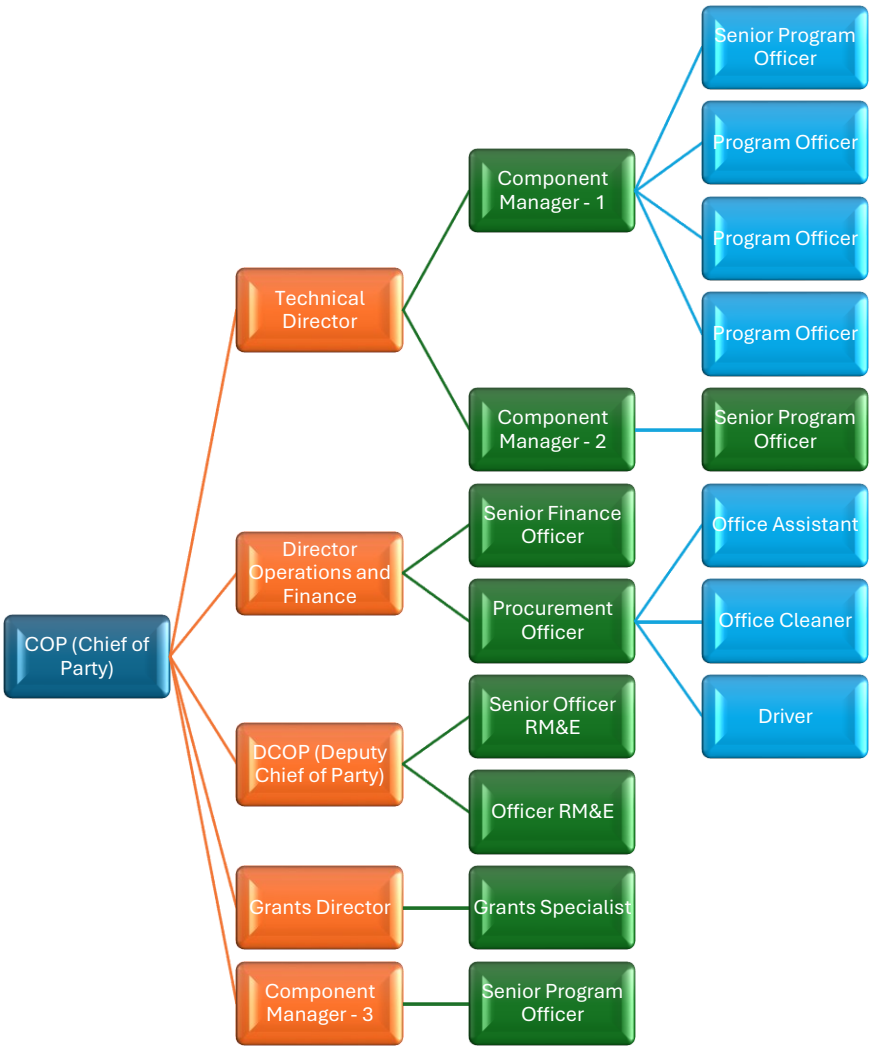
3.4 Organogram

DI's organizational structure is designed to ensure efficient project implementation and strategic decision-making. Key components include:

- **Executive Leadership**: DI is led by a team of expert professionals with expertise in democratic development, governance, and international relations. This team manages strategic planning and ensures alignment with organizational goals.

- **Program Teams**: Dedicated teams manage DI's projects, aiming on areas such as electoral assistance, civil society strengthening, and conflict resolution.
- **Monitoring and Evaluation Unit**: This unit ensures accountability and constant improvement by reviewing the impact and outcomes of DI's initiatives.
- **Home Offices**: DI operates through home offices and field staff to maintain a local presence and foster collaboration with partners on the ground.

Here the below organogram of DI Bangladesh:



3.5 Core Areas of Operation

Democracy International's work spans several key areas essential to the promotion of democratic governance:

- **Electoral Assistance**: DI provides technical support for free and fair elections, including voter education, election monitoring, and capacity building for electoral commissions.
- **Governance and Rule of Law**: The organization promotes transparent governance by supporting judicial reforms, anti-corruption measures, and decentralization initiatives.
- **Civil Society and Advocacy**: DI empowers civil society organizations to advocate for democratic reforms, engage in policy dialogue, and strengthen community participation.
- **Conflict Resolution and Peacebuilding**: DI engages in initiatives to prevent conflict and foster peaceful transitions, particularly in fragile and post-conflict states.
- **Gender Equality and Social Inclusion**: Recognizing the importance of inclusivity, DI integrates gender and social equity considerations into all its programs.

3.6 Funding and Partnerships

Democracy International's work is funded by various donors, including government agencies, multilateral institutions, and private foundations. Key donors include United States Agency for International Development (USAID), DFID, and the European Union. DI also partners with local organizations, academic institutions, and other international NGOs to leverage expertise and resources effectively.

3.7 Democracy International's Services in Bangladesh

Democracy International (DI) supports democratic development in Bangladesh through several key services:

- **Electoral Support**: DI helps improve election processes by providing technical assistance, training, and supporting the Election Commission to ensure free and fair elections.
- **Political Party Development**: DI works with political parties to strengthen their organization and promote democratic practices.
- **Civic Education**: DI engages citizens through programs that increase awareness of democratic rights and encourage voter participation.
- **Governance and Transparency**: DI collaborates with government and civil society to enhance transparency, accountability, and good governance.
- **Support for Civil Society**: DI strengthens local civil society organizations to advocate for democratic reforms and monitor government activities.
- **Gender and Inclusion**: DI promotes gender equality and ensures the inclusion of marginalized groups in the democratic process.

Through these efforts, DI contributes to strengthening democracy and governance in Bangladesh.

3.8 Democracy International's Clients

- **Government Agencies**: DI works with various government bodies, such as the Election Commission of Bangladesh, National Legal Aid Organization, Judicial Administration etc.to support democratic processes, electoral reforms, and governance improvements.

- **Political Parties**: DI collaborates with political parties to improve their organizational structures, enhance internal democratic practices, and ensure more inclusive participation in politics.
- **Civil Society Organizations (CSOs)**: DI partners with local NGOs and other civil society groups to promote democratic engagement, human rights, and transparency.
- **Donor Agencies and International Organizations**: DI also works with international donors, development agencies, and global organizations that fund and support democratic governance and development projects in Bangladesh.

CHAPTER -04

ANALYZING PROCUREMENTS PROCESS IN DEMOCRACY INTERNATIONAL

Procurement Process of Democracy International

4.1 Introduction

This chapter presents an in-depth analysis of the procurement system in **Democracy International (DI)**, particularly focusing on its operations in Bangladesh. Procurement is a crucial function for international development organizations like DI, as it directly influences the effectiveness and efficiency of project delivery. Given DI's commitment to promoting democratic governance and development, a well-organized and transparent procurement system is essential for achieving its mission. This analysis examines the processes, policies, challenges, and strategies involved in DI's procurement system, offering insights into how it operates within the local context and global best practices.

4.2 About procurement or purchase in DI.

DI defines a "purchase" as when the company makes a commitment to buy goods or services from an individual or organization for DI's benefit or to meet the Company's own needs. This can be for both commercial (i.e., commonly sold in the commercial marketplace) and custom (i.e., based on DI-developed scope of work, terms of reference, designs, schematics, or requirements and provided/produced only for DI) purchases, as well as for either goods or services.

Not everything DI commit to pay for is considered a "purchase." Payments DI make that are not "purchases" are not subject to this policy and are instead governed by other DI policies and/or procedures. The following are not considered purchases:

- **Employee or Consultant Expenses** – these are considered reimbursements for purchases made by others (employees or consultants), often related to travel. They are governed by DI's travel and expense policy found in the Employee Handbook and Consultant Handbook, respectively.
- **Grants** – these are considered assistance provided by DI to another organization to carry out a public purpose consistent with the terms of an award we have from a client. They are governed by DI's Grants Handbook.
- **Transfers** – these are payments made between DI bank accounts to finance specific company activities (usually from Bethesda to foreign field office accounts). They are governed by a specific set of procedures determined by accounting.
- **Advances** – these are payments DI makes to employees, consultants, grantees, or others to facilitate the financing of expenses, grants, or purchases consistent with the relevant DI policies. Advances must be paid back to DI and are deducted from other scheduled payments until the advanced amount is zero. Advances are governed by a specific set of procedures determined by accounting.

Challenges in the Procurement System

Several challenges hamper DI's procurement effectiveness

- Limited Supplier Capacity Original suppliers frequently warrant the capacity to meet DI's conditions, leading to reliance on transnational suppliers(Monczka et al., 2015).
- Political Insecurity Political dislocations in Bangladesh, similar as strikes and nonsupervisory changes, frequently beget detainments in procurement(Thai, 2001).
- Compliance with Regulations Navigating both original laws and transnational patron conditions creates complexity(McMurray, 2016).

- Ethical pitfalls Despite sweats to help corruption, DI faces challenges with maintaining equity in procurement opinions(Arrowsmith, 2005).

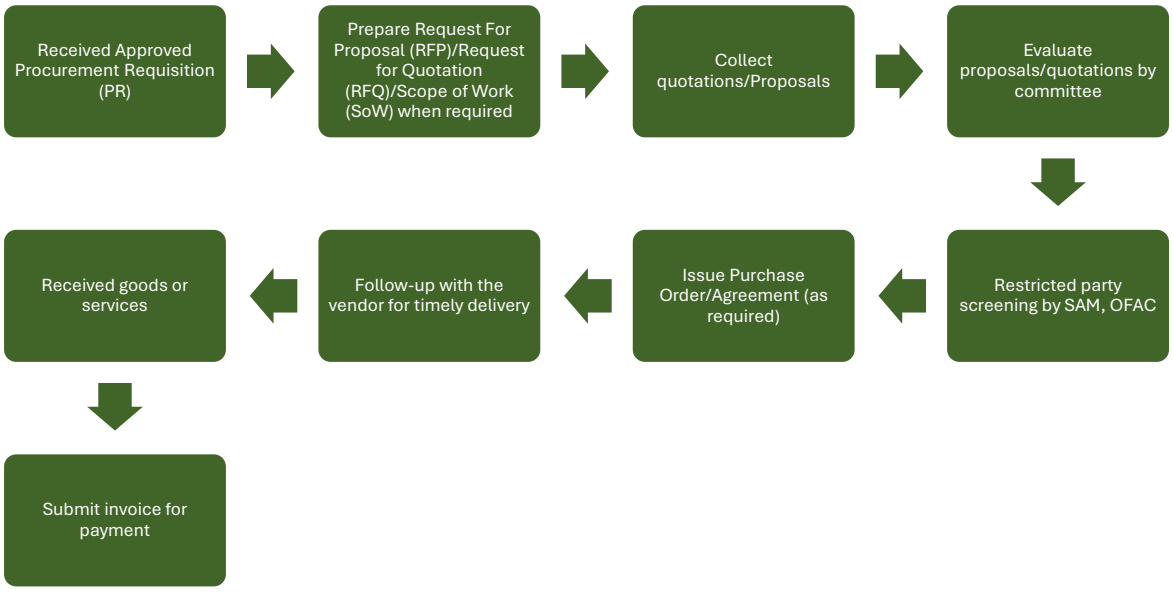
Sustainability and Social Responsibility

DI integrates sustainability into its procurement process by prioritizing environmentally friendly products and supporting original businesses. This aligns with DI's commitment to promoting social responsibility and supporting original profitable development(McMurray, 2016).

4.3 Overview of DI's Procurement System

Democracy International operates under a comprehensive procurement system designed to ensure **transparency**, **accountability**, and **efficiency** in all its projects. The procurement system is structured to adhere to both local regulations in Bangladesh and international standards, including donor-specific requirements.

4.4 A Standard Procurement Cycle



4.5 Types of Procurement Policy

Thresholds: Up to USD 1,000

Description:

- Minimum 1 quotation
- Purchase order if the amount is above 500 USD
- Reasonable price

Micro Purchase Procurement

Thresholds: Above USD 1,000 –USD 100,000

Description:

- Minimum 3 quotations
- Purchase Order
- Open Ad if applicable, Request For Proposal (RFP)/Request For Quotation (RFQ)- when applicable
- Comparative statement (BID Analysis)
- For service-Consultant/ open ad

Simplified Procurement

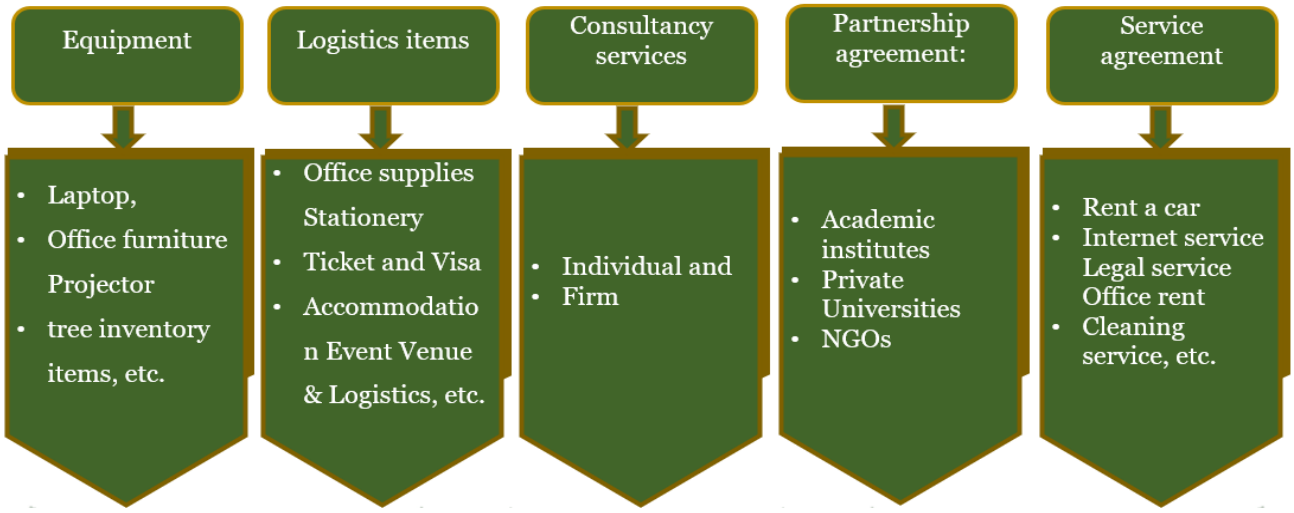
Thresholds: Above USD 100,000

Description:

- Open ad: website, newspaper and other relevant medium

Standard Procurement

4.6 Types of goods and service in procurements



4.7 Key procurement principles and practices in DI's

Democracy International (DI), operating in international development, typically adheres to robust and transparent procurement practices to ensure accountability, value for money, and compliance with donor regulations. DI's procurement practices generally include the following principles and procedures:

Key Principles:

- **Transparency**: Open and transparent processes for soliciting and awarding contracts to ensure fairness.
- **Fair Competition**: Equal opportunity for vendors to participate, promoting healthy competition.
- **Cost-Effectiveness**: Ensuring procurement decisions provide the best value for money while meeting quality and delivery standards.
- **Accountability**: Detailed documentation and record-keeping to maintain accountability for procurement decisions.
- **Compliance**: Adhering to donor-specific regulations, such as USAID, DFID, or other funding organizations' rules.

Common Practices:

- **Procurement Planning**:
  - Assessing project needs and preparing detailed procurement plans in advance.
  - Budgeting accurately and allocating resources appropriately.

- **Vendor Solicitation**:
    - Issuing Requests for Proposals (RFPs), Requests for Quotations (RFQs), or Invitations to Bid (ITBs) to potential suppliers.
    - Publishing opportunities on DI's website or other relevant platforms for wide circulation.
- **Evaluation and Selection**:
    - Using clear criteria to evaluate bids, such as cost, technical capability, past performance, and delivery timelines.
    - Establishing a procurement committee to review and select vendors, ensuring impartiality.
- **Contracting**:
    - Developing detailed contracts outlining terms, conditions, deliverables, payment schedules, and performance expectations.
    - Including clauses to address risks, disputes, and termination conditions.
- **Monitoring and Reporting**:
    - Regularly monitoring vendor performance to ensure compliance with contract terms.
    - Reporting on procurement activities to stakeholders and donors as required.
- **Ethical Conduct**:
    - Avoiding conflicts of interest and ensuring all parties involved in procurement act with integrity.

- Implementing anti-corruption measures, including whistleblower protections.

4.8 Key elements of DI's procurement system

- **Procurement Policies and Guidelines**: DI has established detailed procurement policies that ensure compliance with both internal guidelines and external regulatory requirements. These policies are designed to uphold principles of **fair competition**, **non-discrimination**, and **value for money** (Monczka et al., 2015).
- **Procurement Process**: The procurement process at DI follows a structured approach that includes:
  - **Needs Assessment**: Identifying project requirements and preparing detailed procurement plans.
  - **Supplier Selection**: The selection process is based on predefined criteria such as price, quality, capacity, and adherence to sustainability standards (McMurray, 2016).
  - **Contract Management**: DI ensures that contracts are appropriately managed, monitored, and evaluated to ensure effective delivery (Sidespin & Ellram, 2003).
- **Role of Technology in Procurement**: DI utilizes digital tools, including **e-procurement systems**, to manage its procurement activities efficiently. These systems provide real-time tracking and ensure transparency in supplier selection and contract execution (Rejeb, 2018).

4.9 Challenges in DI's Procurement System

Despite its well-structured procurement process, DI faces several challenges in its operations in Bangladesh, which include:

- **Local Supplier Limitations**: DI often faces difficulties in sourcing from local suppliers due to limited capacity, technical expertise, or adherence to international standards. This often necessitates reliance on international suppliers, which can increase costs and logistical complexity (McMurray, 2016).

- **Political and Economic Instability**: Bangladesh's political and economic environment can significantly affect procurement operations. For example, sudden policy changes, political instability, or economic crises can disrupt supply chains, leading to delays or cost overruns (Croom & Brandon-Jones, 2007).

- **Compliance with Multiple Regulatory Frameworks**: DI must navigate complex local, national, and international regulations. Ensuring compliance with these various frameworks, while maintaining operational flexibility, can be challenging. This is particularly true in areas where local laws conflict with international donor requirements (Thai, 2001).

- **Corruption and Ethics Issues**: Although DI strives to maintain high standards of transparency, corruption and ethical dilemmas can still present significant risks. Ensuring impartial decision-making and preventing conflicts of interest remains a challenge, especially in high-risk environments like Bangladesh (Arrowsmith, 2005).

- **Supply Chain and Logistics Constraints**: Operating in a developing country such as Bangladesh presents logistical challenges, including poor infrastructure, inadequate transport systems, and unpredictable weather conditions that can affect procurement timelines (Zsidisin & Ellram, 2003).

4.10 Comparison with Best Practices in the Sector

To evaluate DI's procurement system, it is essential to compare it with global best practices in the international development sector.

- **Transparency and Accountability**: The literature emphasizes the importance of transparency in procurement to ensure donor funds are used effectively (Thai, 2001). DI's system adheres to this principle by providing clear guidelines for vendor selection and ensuring regular audits. This practice is in line with international norms, such as those established by the **UNDP** and the **World Bank**.
- **Sustainability and Local Sourcing**: Global procurement trends are increasingly focused on sustainability and supporting local economies. The World Bank and other development organizations advocate for local sourcing as a way to build capacity and stimulate local economies (McMurray, 2016). DI has made significant strides in prioritizing local suppliers where possible, although it faces challenges related to supplier capacity.
- **Use of E-Procurement**: The adoption of e-procurement systems is a growing trend across the sector, as it improves procurement efficiency and transparency (Zsidisin & Ellram, 2003). DI's use of such systems aligns with best practices by automating processes, providing real-time data, and improving monitoring.
- **Risk Management**: Best practices in procurement emphasize robust risk management strategies, especially in conflict-prone or developing regions. Organizations like DI must assess **supplier risks**, **financial stability**, and **political risks** to avoid disruptions (Zsidisin & Ellram, 2003). DI's procurement strategy includes risk assessments to mitigate these

factors, although the unpredictable nature of the operating environment in Bangladesh continues to pose challenges (Croom & Brandon-Jones, 2007).

4.11 References for Improving DI's Procurement System

Based on the analysis, the following recommendations can help enhance the efficiency, transparency, and sustainability of DI's procurement system in Bangladesh:

- **Strengthening Local Supplier Networks**: DI should consider investing in capacity-building initiatives to enhance the capabilities of local suppliers. Providing training and support to local vendors can help DI reduce its reliance on international suppliers, promoting both **cost-effectiveness** and **sustainable development** (McMurray, 2016).
- **Enhanced Risk Mitigation Strategies**: To improve procurement resilience, DI should develop more comprehensive **contingency plans** that account for political, economic, and logistical risks. This can include establishing more flexible supply chains and identifying alternative suppliers to mitigate risks associated with political instability (Zsidisin & Ellram, 2003).
- **Integrating More Robust Compliance Mechanisms**: Given the complexity of navigating local and international regulations, DI could benefit from creating an integrated compliance management system that tracks regulatory requirements and ensures adherence at every stage of the procurement process (Thai, 2001).
- **Investing in Advanced E-Procurement Solutions**: While DI already uses digital tools, investing in more advanced e-procurement solutions could further streamline the procurement process, improve data accuracy, and enhance transparency. This will help DI

manage its procurement activities more efficiently across multiple regions and enhance visibility for stakeholders (Rejeb, 2018).

- **Promoting Ethics and Integrity**: DI should continue to strengthen its internal controls and foster a culture of **integrity** within its procurement processes. This can be done by providing regular training on ethics and conflict of interest management and ensuring that procurement decisions are always made impartially (Arrowsmith, 2005).

CHAPTER – 05

FINDINGS

5.1 Findings

After concluding the study and analyzing the objectives some findings have been identified. Democracy International. (DI) has a well-established procurements system, which has contributed significantly to its organizational performance. DI's procurement practices are aligned with its overall business strategy, enabling it to achieve its long- term objectives. I notice some positive and negative, these are mentioned below:

- In Democracy International. (DI) have good relation between worker level to managerial level.
- The managerial level people are skilled and so concern about their responsibilities.
- Every equipment and technology are up to date.
- They prioritize skilled procurement professionals and ensure materials are sourced at reasonable costs, with a well-planned and efficient procurement process.□ Pacific jeans large space for their production activity.
- Manpower shortage in procurement department that's why officers always being so much busy in their work.
- The last-minute requirement is the big issues in DI.
- Sometime the supplier can't provide materials as required item or time.
- They haven't any program or activities for developing relation with buyer or supplier such as vendor enlistments.
- For the purchasing of good and services company have some fixed buyers.
- The company has invested in advanced information technology(IT) systems to support its Procurement operations.

- DI follows a clear procurement process involving needs assessment, supplier selection, and contract management, ensuring alignment with project goals and efficient delivery. A competitive selection process promotes fairness, and contracts ensure supplier compliance.
- DI upholds transparency and accountability by maintaining detailed procurement records and conducting independent audits to ensure compliance. Stakeholders have access to procurement information, reinforcing trust in the process.
- DI workers are well- trained and professed in procurement practices, contributing to the overall effectiveness of the process.

CHAPTER – 06

RECOMMENDATIONS

&

CONCLUSION

6.1 Recommendations

- Democracy International (DI) is supposed to arrange some training program to improve the efficiency of the staffs along with procurement and operators team.
- The company is capable to arrange half yearly get together to improve the relationship between the Managemental staff.
- The company can arrange a get together to improve the relationship between the Supplier and buyers.
- DI can develop the advertising promotion.
- Training arrangement for new and existing employees for the future development on procurement process.
- Democracy International (DI) needs to recruit more employees in supply chain department.
- Democracy International (DI) needs to develop their transportation facilities.
- Use a centralized digital system to reduce paperwork, errors, and speed up decisions.
- Build a strong supplier network, promote accountability, and support small businesses.
- Establish a framework to identify and mitigate procurement risks like supply chain issues.
- Regularly update policies to meet global standards and communicate them effectively.
- Prioritize eco-friendly and socially responsible products and suppliers.
- Use KPIs and regular audits to improve efficiency and accountability.

6.2 Conclusion

The procurement management team at Democracy International (DI) is efficiently fulfilling its role, playing a key part in achieving organizational goals by ensuring resources are managed effectively, ethically, and sustainably. The procurement team significantly contributes to enhancing productivity, maintaining cost efficiency, and upholding the organization's reputation.

While current practices meet basic requirements, there is considerable potential for improvement through digital transformation, capacity building, and policy updates. The leadership is highly committed, striving to achieve 90% efficiency. DI ensures a high-quality work environment aligned with Bangladesh's labor laws and international standards. Staff receive fair and timely wages, resulting in a satisfied workforce with no unrest or disputes.

By adopting innovative practices, DI can establish a procurement system that not only supports operational objectives but also emphasizes transparency, inclusivity, and sustainability. This forward-thinking approach will position the organization as a leader in ethical procurement, reinforcing its dedication to democratic principles and global impact. DI avoids outdated practices and embraces modern, comprehensive strategies in its decision-making.

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