

Appendix No.1

To the Charter of the Research Center for Security Policy NGO

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Approved by the president of Research Center for Security Policy NGO



Areg Kochinyan

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Procurement Manual

I. Introduction

This Procurement Manual, developed by the Research Center for Security Policy NGO (RCSP NGO), serves as the foundational guide for the acquisition of goods and services by all staff members of the organization. It outlines the principles, processes, approval structures, and practices governing procurement activities. Additionally, the manual defines circumstances of conflict of interest and establishes the ethical standards that guide RCSP NGO procurement.

For the purposes of this manual, procurement is defined as the process by which RCSP NGO acquires commodities, including equipment, furniture, services, and related materials and supplies, using budgetary resources or grant funds allocated for specific projects.

All RCSP NGO procurements, including those funded by grants or other contractual and sub-contractual agreements (such as contracted expert services provided by individuals acting as sole proprietors or official representatives of LLCs), must strictly adhere to the rules and guidelines set forth in this manual. At the core of these procurement processes is the institutional responsibility to ensure the best value—balancing price and quality—for the NGO. This includes maintaining clear documentation of the factors and rationale supporting each purchase decision, consistent with the provisions outlined in the original procurement announcement.

Beyond these procurement guidelines, the NGO applies sound budgeting principles to prevent unnecessary or unplanned purchases. Staff responsible for procurement must ensure that funds

are spent responsibly, with a clear and justified need for the requested goods or services. These rules also apply to purchases made using the organization's credit card.

II. Code of Ethics

All procurement requests and transactions involving RCSP funds must adhere to the highest standards of transparency, accountability, and ethical conduct. Individuals purchasing goods and services on behalf of RCSP must act in accordance with the organization's established rules and the requirements of relevant funding agencies, where applicable.

Procurement decisions must be made with integrity and objectivity, free from personal bias, special considerations, or any form of personal benefit. RCSP employees are prohibited from soliciting or accepting gifts, favors, or any other items of monetary value from individuals or entities associated with a procurement transaction.

Procurement announcements, including details on pay ranges and qualification requirements, as well as subsequent negotiations and communications, must be conducted impartially, professionally, and transparently. All qualified vendors, whether individual experts acting as sole proprietors or official representatives of LLCs, must be given equal opportunity to compete for business. Final agreements may only be signed with an LLC when negotiations are conducted with its official representative.

RCSP staff are expected to maintain positive and professional relationships with vendors, conduct business in good faith, and resolve disputes promptly, fairly, and in compliance with local laws. Similarly, vendors working with RCSP are expected to uphold ethical business practices.

III. Conflict of Interest

RCSP staff with purchasing responsibilities—including the president must act in accordance with their fiduciary duties and exercise due care to avoid conflicts of interest. Such conflicts may arise when personal interests conflict with those of the organization or its suppliers.

RCSP defines a conflict of interest as any situation in which an individual involved in a procurement action, or a member of their family, has an existing or potential financial or other interest that could impair, or appear to impair, their independence of judgment in fulfilling their responsibilities to the NGO. This includes situations where:

- Personal interests, affiliations, loyalties, or relationships could influence impartiality;
- Confidential information could be used for personal or financial gain;
- The individual holds a position (e.g., director, officer, employee, member, partner, or trustee) with a supplier; or
- The individual has a financial interest that could influence or control procurement decisions.

Conflicts of interest can create perceptions of unfairness or partiality, undermining the integrity of procurement decisions and eroding market confidence. Violation of any of these provisions will result in disciplinary action, up to and including termination of employment.

Any instances of suspicious or unethical behavior, offers of gifts or bribes from suppliers participating in the procurement process, or any other threats to the impartiality of the procurement process must be immediately reported to the president.

IV. Procurement Responsible Body

The organization's procurement officer is responsible for procurements under the supervision of the RSCP president. Procurement activities may be delegated to other employees of the organization as needed, while maintaining the principle of duty segregation.

The authority to carry out procurements is delegated to specific individuals. Those who have not been granted such authority are not allowed to provide additional information to contractors or competition participants regarding bids or proposals, nor are they permitted to sign procurement-related documents or contracts.

The President of the Organization:

- Has the authority to negotiate, manage, or terminate procurement contracts and make conclusions and decisions related to them.
- Ensures compliance with laws, legal acts, and all applicable procedures, including obtaining necessary permits and approvals.
- Is responsible for ensuring the effective conclusion of contracts and carrying out all necessary actions in the best interests of the organization.

The Procurement Officer:

- Collects procurement requests from staff.
- Prepares procurement competition invitations, including a detailed description of the work, a list of required goods or services, selection criteria, and contract type.
- Organizes the publication and distribution of the invitation for proposals.
- Receives proposals, records them in the register, and ensures their safekeeping until the opening date.
- Reviews each proposal to verify compliance with descriptions, technical details, permits, and all necessary data, including quality control and adherence to the allocated budget.
- Selects qualified suppliers that meet competition requirements.
- Organizes the evaluation of procurement bids by the evaluation team.
- Records all negotiations and phone calls.

- Conducts price analysis.
- Checks invoices and delivery documents for errors and ensures their compliance with contract terms.
- Ensures all necessary approvals for payment and submits them to accounting.
- Maintains a supplier database and a list of preferred suppliers.
- Keeps a database of past procurements.
- Notifies suppliers of any violations regarding delivered goods/services and negotiates necessary corrective actions.
- Suggests modifications or terminations of contracts as needed.

V. Procurement Planning

Realistic advance planning of any procurement is key to its successful completion. Allowing sufficient lead times of up to three working days for small purchases that use the simplified procedures and up to ten months for major procurements of construction and commodities is essential for ensuring full compliance with RCSP bidding and approval requirements. Terms of reference, including technical and quality specifications of goods and services, need to be defined with utmost care and clarity before starting the bidding process and delivery timetables must be established congruent to respective project needs.

VI. Procurement Approach and Processes

The purchasing approach is based on the sum of the purchase request. Particularly, purchases that do not exceed 15,000 AMD are made based on the single-source procurement method and must be approved by the procurement officer. Purchases that exceed 15,000 AMD but are less than 400,000 AMD are made based on the single-source procurement method and must be approved by the president. Purchases that exceed 400,000 AMD but are less than 1,000,000 AMD are made based on three price offers, except in cases where there is a preferred supplier, and must be approved by the president. Purchases that exceed 1 million AMD are conducted through a competitive bidding process and must be approved by the RCSP's Board if it is not yet formed by the president. In the case of price offers or inquiries, the main selection criterion is the lowest price; however, if proper quality or warranty is not provided, other criteria may be taken into consideration. The procurement officer must maintain all documents and records related to each procurement, including requisitions, inquiries, offers, and relevant information.

Presentation of Procurement Request

RSCP employees, in case of the necessity to procure a specific product or service, must:

- Prepare a procurement request, including a proper justification for the necessity of the purchase,

- Develop a clear description of the product or service, including quality requirements, delivery schedule, and, in the case of a service, the expected outcomes,
- Include a cost estimate and specify the source of funding,
- Submit the procurement request to the procurement officer after obtaining the president's approval.

Upon receiving the procurement request, the procurement officer:

- Verifies the compliance of the procurement with the procurement procedure,
- Confirms the available budget with the president according to the source specified in the request,
- Organizes the procurement process.

Single or Multiple Simultaneous Purchases

When making a single or multiple simultaneous purchases, the procurement procedures outlined for different price thresholds must be followed.

If multiple purchases are made from the same supplier simultaneously or within a week, the total purchase price is calculated by summing the prices of all goods or services to determine the applicable price threshold.

When making multiple simultaneous purchases, the applicable inspection requirements for the goods are determined by considering the price of each purchase separately.

Invitation Preparation and Tender Process

The invitation for goods and services must include the following information:

- A clear and precise description of the technical requirements for the goods or services to be procured. In competitive procurement, the description should not include conditions that unnecessarily restrict competition.
- The requirements that both the applicant and the proposal must meet, as well as all other evaluation criteria for bids or proposals.
- A description of the expected technical requirements for the goods or services, if applicable, such as performance levels and minimum quality standards.

The tender announcement is distributed through the organization's supplier database contacts, professional associations, websites, and other available sources.

All suppliers must be provided with the same information, including responses to inquiries about the invitation.

Suppliers must be given sufficient time (at least 14 days) to prepare and submit proposals, except in cases of urgent procurement. Proposals submitted after the deadline will not be considered.

Proposals must be received and registered by an employee who is not a member of the tender evaluation committee.

Proposal Review and Selection

The tender evaluation committee, consisting of at least three members, conducts the proposal review.

The committee is appointed by the procurement officer and approved by the president. At least one committee member must represent the department or employee that will use the goods or services. If needed, independent experts may also be involved.

During the review process, the first step is to determine whether each proposal meets the tender requirements.

If a proposal complies with the tender conditions, it undergoes further analysis based on:

- Compliance with the quality requirements specified in the invitation.
- Price and supplier-related factors.

If none of the proposals meet the stated criteria, a new tender is announced.

When selecting a supplier, the supplier's technical and business reputation, as well as past performance (previous experience and guarantees), are taken into account.

For each tender, specific evaluation criteria may be established. If no such criteria are set, the price of the proposal is primarily considered. The offer that meets the organization's requirements and aligns with the specifications of the purchased goods or services at the lowest price is considered the winning bid. However, the organization may decide to make a purchase at a higher price, considering quality, reputation, and other important characteristics.

If the best-quality supplier's proposed price exceeds the allocated budget or is significantly higher than other suppliers' offers, the organization may negotiate with that supplier for a lower price. In any case, if a supplier with a higher price is chosen, the selection record must clearly state the reasons for choosing that supplier.

At the end of the selection process, the tender committee must document its justification for the selection, providing detailed reasons for considering the chosen proposal as the best option. All

committee members must sign the justification document. If any committee member disagrees, they may include their opinion as a separate section in the justification.

During the evaluation process, the organization may request clarifications from suppliers.

Tender committee members are required to maintain confidentiality regarding any commercial secrets contained in the submitted proposals. If suppliers have complaints about the process, they may submit them to the organization's president, who will review the issue with the tender committee and procurement officer and provide an appropriate response to the complainant.

Preferred Suppliers List

Purchases up to 1 million AMD may be made without a price inquiry or tender procedure if the goods or services are obtained from a company or individual included in the organization's preferred suppliers list.

The preferred suppliers list includes suppliers who provide the best service at competitive prices and with whom the organization has had positive purchasing experience. Goods or services costing more than 200,000 AMD may only be purchased from a preferred supplier if that supplier has previously participated in a tender and was declared the winner.

The procurement officer is responsible for periodically conducting and documenting price comparisons for the main goods and services purchased by the organization. Based on these comparisons, the preferred suppliers list should be reviewed, or a new tender should be proposed.

Price comparisons and updates to the preferred suppliers list must be conducted at least once a year. If necessary, negotiations with the supplier may be held to review prices.

Waiver of Tender Requirements and Single-Source Procurement

In certain cases, the organization may enter into a contract with a supplier, service provider, or consultant without conducting a tender and without using the preferred suppliers list. This type of procurement is referred to as single-source procurement.

Single-source procurement is generally necessary when the desired goods or services are not available from other competitors, or the selected supplier, service provider, or consultant offers exceptional quality or possesses unique knowledge or expertise. Single-source procurement is allowed only with proper justification, such as when the goods or services can only be obtained from a single source. Due to urgent issues, it may not be possible to allocate time for the tender process. A non-competitive procurement is permitted if the donor allows it (this must be documented in writing by the donor). It is critically necessary to ensure continuity of procurement from the same supplier.

The justification for single-source procurement must be documented in writing before the purchase and approved by the director. If it exceeds the relevant threshold, it must also be approved by the Board.

Payment Procedure

The organization conducts all payments in a non-cash manner. If the payment method for a particular purchase is only possible in cash, or if the purchase is extremely urgent and cannot be made via transfer, the responsible employee makes the payment using personal funds and then submits a petty cash report for reimbursement. The petty cash report must briefly describe the purchased goods or services, price, supplier name and address, as well as indicate the program under which the purchase is funded. In any case, a purchase can only be made after the procurement request has been approved. Once the petty cash expense report is approved by the president, it is submitted to the chief accountant, who verifies the attached documents and transfers the reimbursed amount to the employee's account. A purchase made in cash and reimbursed via a petty cash report cannot exceed 15,000 AMD.