

Law No. (3) of 2025 Concerning Procurement, Contracts, and Warehouse Management in the Government of Ajman

We, Humaid bin Rashid Al Nuaimi, Ruler of the Emirate of Ajman

- Having reviewed Federal Law No. (5) of 1985 promulgating the Civil Transactions Law of the United Arab Emirates, and its amendments,
- And Federal Decree-Law No. (9) of 2016 Concerning Bankruptcy, and its amendments,
- And Federal Decree-Law No. (32) of 2021 Concerning Commercial Companies,
- And Federal Decree-Law No. (50) of 2022 Concerning Commercial Transactions,
- And Law No. (1) of 2020 Concerning Small and Medium Enterprises and Establishments in the Emirate of Ajman,
- And Law No. (2) of 2022 Concerning the Regulation of Partnership between the Public and Private Sectors in the Emirate of Ajman,
- And Amiri Decree No. (11) of 2011 promulgating the Financial Law of the Government of Ajman,
- And Amiri Decree No. (15) of 2012 Concerning the Department of Finance in Ajman, and its amendments,
- And Amiri Decree No. (2) of 2018 Concerning the Legislation Committee in the Emirate of Ajman,

And based on the approval of the Legislation Committee,

We have issued the following Law:

Part One

Preliminary Provisions

Chapter One

Definitions and Objectives

Article (1)

Definitions

The following words and phrases, wherever they appear in this Law, shall have the meanings assigned to each of them, unless the context indicates otherwise:

The State: The United Arab Emirates.

The Emirate: The Emirate of Ajman.

The Ruler: The Ruler of the Emirate.

The Government: The Government of the Emirate.

The Crown Prince: The Crown Prince of the Emirate.

The Ruler's Representative: The Ruler's Representative for Administrative and Financial Affairs.

The Department: The Department of Finance.

The Director General: The Director General of the Department.

Government Entity: The Amiri Diwan, departments, agencies, centers, councils, and offices whose budget is included in the general budget of the Government, and any other entity for which the local legislation issued for its establishment or reorganization decides to include its budget within the general budget of the Government.

Person: A natural or legal person.

Procurement: Any materials, goods, services, products, or works required by the Government Entity.

Procurement Process: The set of procedures undertaken by the Government Entity to secure its procurement, in accordance with the provisions of this Law and its Executive Regulation.

Procurement System: An electronic system managed by the Department within the government financial resources management and planning systems.

Procurement Plan: A plan prepared by the Government Entity that includes its procurement needs for a subsequent fiscal year, in accordance with the provisions of this Law and its Executive Regulation.

Procurement Unit: The organizational unit within the Government Entity that carries out the procurement works, responsibilities, and procedures, in accordance with the provisions of this Law and its Executive Regulation.

Warehouse Unit: The organizational unit that carries out the works and responsibilities of warehouse management at the Government Entity, in accordance with the provisions of this Law and its Executive Regulation.

Consulting Services: Services that are predominantly intellectual or advisory in nature, including engineering, professional, economic, financial, administrative, or legal studies, including the tasks of preparation, design, supervision of implementation, evaluation, or handover.

Participating Supplier: Any person who submits a bid to provide the procurement offered by the Government Entity.

Supplier: Any person who provides procurement in accordance with the provisions of this Law and its Executive Regulation, and includes works contractors, material providers, and service providers.

Consultant: The person with whom the Government Entity contracts to provide consulting services or studies.

Bid: A written or electronic document submitted by a person who wishes to contract with the Government Entity, which includes the prices, specifications, and technical, financial, and contractual conditions they offer related to the procurement process or disposal of assets, in accordance with the provisions of this Law and its Executive Regulation.

Public Announcement: A statement published on the Procurement System, and any other means that achieves public awareness, which the Government Entity deems appropriate for announcing a tender or auction, in accordance with the provisions of this Law and its Executive Regulation.

Tender: The primary method for contracting to purchase materials or services or to execute works, which is offered through a Public Announcement, whether inside or outside the State, and includes providing equal opportunities for all suppliers wishing to submit their bids to supply the required materials or services or execute the required works. Its procedures and decisions are carried out in accordance with the provisions of this Law and its Executive Regulation.

Auction: The primary method for the disposal of assets, which is offered through a Public Announcement, and its procedures and decisions are carried out in accordance with the provisions of this Law and its Executive Regulation.

Practice: A special method for providing the Government Entity's procurement needs or disposing of assets, carried out in accordance with the provisions of this Law and its Executive Regulation.

Direct Agreement: A special method for providing the Government Entity's procurement needs or disposing of assets, carried out in accordance with the provisions of this Law and its Executive Regulation.

Competition: A special method of procurement used if the procurement relates to the design of logos, models, or the creation of drawings or engineering plans, whether architectural or civil, and is carried out in accordance with the provisions of this Law and its Executive Regulation.

Contract: The agreement entered into for the provision of procurement or the disposal of assets, in accordance with the provisions of this Law and its Executive Regulation.

Price Agreement: A contract entered into by the Government Entity with one or more suppliers to fix the prices of goods or services for a specific period, in accordance with the provisions of this Law and its Executive Regulation.

Framework Agreement: A contract entered into by the Department with one or more suppliers to provide procurement for more than one Government Entity or to dispose of their assets, in accordance with the provisions of this Law and its Executive Regulation.

Award Letter: A written or electronic notice from the Government Entity to the Participating Supplier, stating its acceptance of the bid submitted by them.

Preliminary Security: The guarantee provided by the Participating Supplier, in accordance with the provisions of this Law and its Executive Regulation, to ensure their seriousness in contracting.

Final Security: The guarantee provided by the supplier to whom the contract is awarded, in accordance with the provisions of this Law and its Executive Regulation, to ensure their commitment to executing the contract.

Commencement Order: A paper or electronic document issued by the Government Entity to the Supplier to begin the execution of the contract.

Purchase Order: A document issued by the Procurement Unit to the Supplier, based on the inputs of the purchase request and the approved bid submitted by them, or through a valid price agreement, specifying the quantity, prices, specifications required for the procurement, and the agreed-upon delivery period.

Assets: The tangible and intangible properties and rights owned by the Government Entity, including but not limited to, land, buildings, vehicles, equipment, devices, systems, programs, patents, copyrights, and intellectual property. The term also includes stored, damaged, obsolete, and surplus materials.

Disposal of Assets: The Government Entity's action of disposing of its damaged, obsolete, or surplus assets, whether by selling, leasing, or any other disposal that generates revenue for it. Disposal also includes recycling, destroying, or donating the asset, in accordance with the provisions of this Law and its Executive Regulation.

The Register: The register of suppliers and consultants established at the Department.

Unified Financial System: The Financial Law of the Government of Ajman issued by Amiri Decree No. (11) of 2011, and all regulations, decisions, and manuals issued thereunder, and any future amendments thereto.

The Executive Regulation: The Executive Regulation of this Law.

Article (2)

Objectives of the Law

This Law aims to achieve the following:

1. Regulate the rules, procedures, and methods of procurement and disposal of assets in a manner consistent with the policies and directions of the Government and the best practices applied in this regard.
2. Achieve the highest degree of economic efficiency in procurement management to ensure cost reduction for Government Entities and obtain their needs at fair competitive prices.
3. Promote the principles of governance by applying standards of publicity, transparency, integrity, free competition, equality, and equal opportunity, and avoiding conflicts of interest.
4. Unify the rules and procedures governing the conclusion of contracts and warehouse management in the Government.
5. Preserve and manage government assets efficiently and effectively.
6. Contribute to achieving the Emirate's vision towards smart transformation in organizing its various businesses and activities.

Chapter Two

Scope of Application and Compliance with the Provisions of the Law

Article (3)

Scope of Application

A. The provisions of this Law shall apply to the following:

1. Procurement processes and disposal of assets at Government Entities.
2. Contracts concluded by Government Entities after the entry into force of this Law for the purchase of goods, services, execution of works, and disposal of assets, and to any renewed or extended contracts after its provisions come into effect.
3. Storage operations and procedures for materials and items at the Government Entity.

B. The following shall be excluded from the application of the provisions of this Law:

1. Procurement or asset disposal operations of a military or security nature conducted by the local police of the Emirate, as decided by its chief in each case separately.
2. Contracts for the consumption of water, electricity, sanitation, and subscription contracts for communication services.
3. Direct employment contracts between the Government Entity and employees, which are subject to the human resources legislation in the Emirate.
4. Partnership contracts with the private sector covered by the provisions of the aforementioned Law No. (2) of 2022.
5. Investment operations aimed at achieving a financial return or profit for the Government Entity, and not for the purpose of providing for its needs and operations.
6. Lending and borrowing operations and the provision of government guarantees.
7. Procurement executed outside the State for the purpose of being used outside it.
8. Low-value procurements paid for in cash from advances, or electronic payment instruments in accordance with the provisions of the Unified Financial System.
9. What the Ruler's Representative decides regarding the exemption from any provision of this Law or its Executive Regulation, if the need arises, based on a request from the Government Entity and a recommendation from the Department.

Article (4)

Compliance with the Provisions of the Law

A. All Government Entities, when providing their procurement, disposing of their assets, and managing their warehouses, shall comply with the provisions of this Law and its Executive Regulation, and any decisions, policies, instructions, manuals, or forms issued thereunder.

B. The exemptions mentioned in paragraph (B) of Article (3) do not relieve the concerned Government Entity, whenever possible and appropriate, from being guided by its provisions, and from working to observe its

objectives and striving to achieve the best overall value for its procurement.

Part Two

Procurement

Chapter One

Article (5)

Procurement Principles

Transparency, Free Competition, Equality, and Equal Opportunity

A. The procurement process carried out in accordance with the provisions of this Law and its Executive Regulation shall be subject, in all its procedures and stages, to the principles of transparency, free competition, equality, and equal opportunity.

B. Government Entities shall be committed to providing Participating Suppliers with all key data and information related to the offered procurement or affecting fair competition among them.

C. Government Entities shall observe equality and non-discrimination among Participating Suppliers in procurement processes, unless it is decided to restrict participation to specific categories, in accordance with the provisions of this Law and its Executive Regulation.

Article (6)

Integrity

Every Government Entity shall adopt mechanisms that enhance the integrity of its procurement activities and procedures, to include the following:

1. The commitment of all employees involved in procurement processes to integrity, impartiality, and the provisions of this Law and its Executive Regulation.
2. Avoidance of conflict of interest, such that the head or director of the Government Entity, or any of its employees whose work is related to procurement or who are members of committees formed in

accordance with this Law and its Executive Regulation, shall have no direct or indirect personal interest in the contracts concluded by that entity.

3. Disclosure by the employee to the procurement committee of any material or moral consideration offered to them by any of the Participating Suppliers in the procurement process or any person affiliated with them, or with whom they have any relationship.
4. Educating employees involved in the procurement process on the means and mechanisms for detecting, reporting, and dealing with cases of conflict of interest or its potential occurrence, in accordance with the provisions of this Law and its Executive Regulation.
5. Prohibition of participation by employees involved in procurement processes, whether directly or indirectly, or through companies or institutions they own, are partners in, or agents for.
6. Prohibition of giving preferential treatment or a procedural advantage to any Participating Supplier or supplier, or undertaking any action that would undermine confidence in the integrity of the Government Entity.

Chapter Two

Procurement Rules

Article (7)

Availability of Financial Appropriations

The Government Entity must, before initiating procurement procedures, verify the availability of the financial appropriations allocated for it within its approved annual budget, and contract within its limits and not exceed them.

Article (8)

Actual Need for Procurement

Procurement must be within the limits of the actual and necessary needs required to enable the Government Entity to perform its tasks.

Article (9)

Fair Value of Procurement

The Government Entity shall contract for its procurement at fair prices that do not exceed the prevailing market prices, taking into account considerations of quality, efficiency, and public interest.

Article (10)

Sustainable Procurement

The Government Entity shall observe government policies related to achieving sustainable economic, social, and environmental development, and be keen on purchasing green goods and products that meet environmental conservation requirements.

Article (11)

Procurement Planning

A. Every Government Entity must prepare an annual procurement plan, and it may amend this plan during the fiscal year or cancel it according to the priorities and requirements of the Government Entity.

B. The Government Entity may publish some information about its procurement plan, and such publication shall not create any obligation on the Government Entity to offer those procurements.

Article (12)

Procurement from Licensed and Registered Persons in the Register

A. The Government Entity shall, when providing its procurement, purchase from persons licensed to supply the goods and services, or to execute the works subject to the contract, and who are registered in the Register.

B. The Executive Regulation shall specify the conditions that must be met by the Participating Supplier, and the actions prohibited to them.

Chapter Three

Institutional Organization of Procurement

Article (13)

The Register

- A. The Department shall be exclusively responsible for the registration and classification of suppliers in the Register established for this purpose.
- B. Contracting with suppliers not registered in the Register is not permitted.
- C. The Director General shall issue a decision regarding the conditions and procedures for registration in the Register, the controls for suspending or canceling registration, appealing decisions issued in its regard, and the procedures for considering and deciding on appeals.

Article (14)

Procurement System

- A. The Department shall manage, operate, maintain, and update the Procurement System, such that this system allows for:
 - 1. Providing the highest levels of privacy, confidentiality, security, and transparency of information, and ease of use, while ensuring the integrity of procedures.
 - 2. Allowing suppliers to access key data and information related to bids, in accordance with the provisions of this Law and its Executive Regulation.
- B. The Government Entity must adhere to offering procurement processes through the Procurement System, and it is not permissible to offer them outside the system except with the approval of the Department, and in accordance with what is specified by the Executive Regulation.
- C. All data, information, documents, records, contracts, minutes, notices, correspondences, and other documents, instruments, and signatures made through the Procurement System shall have the same legal authority as official documents.

Article (15)

Procurement Unit

The Procurement Unit at the Government Entity shall be responsible for providing all its procurements effectively, preparing the annual procurement plan, following up on its implementation, and amending it when necessary, in accordance with the most appropriate specifications, quantities, and prices. The Executive Regulation shall specify its other competencies.

Article (16)

Committees

A. For the purposes of procurement processes, and without prejudice to the legislation in force in this regard, the following committees shall be formed in each Government Entity by a decision of its director:

1. Procurement Committee.
2. Inspection and Handover Committee.
3. Any other committees stipulated in the Executive Regulation and required by the nature of the Government Entity's work.

B. The Executive Regulation shall specify the rules and procedures for the formation of the committees mentioned in paragraph (A) of this Article, their competencies, their working mechanism, and the controls and procedures that must be adhered to.

Chapter Four

Procedures Preceding Procurement

Article (17)

Preparation of Specifications

A. The Government Entity must, before offering the procurement of goods, services, or works contracts, undertake the following:

1. Set detailed specifications for the items to be supplied or the works to be executed, without specifying a particular brand, trade name, patent, design, type, product, or a specific country.
2. Prepare all detailed plans, drawings, and schedules that show the stages, procedures, and conditions of execution.

B. The Executive Regulation shall specify the controls for setting the specifications for procurement, and the controls for seeking the assistance of experts or consultants in this regard.

Article (18)

Determining the Estimated Value of Procurement

A. The Government Entity must, when preparing its annual draft budget, conduct a study of market prices to determine the estimated value of the required procurement, while maintaining the confidentiality of this study.

B. The study referred to in paragraph (A) of this Article may be based on previous contracts of the Government Entity or other entities, provided that the Executive Regulation specifies the criteria and procedures to be relied upon in determining the estimated value.

C. If a significant change occurs in market prices before the actual offering of the procurement, the Government Entity may update the estimated value to align with the prevailing prices.

D. Employees of the Government Entity assigned to prepare or update the estimated value, or any related person, are prohibited from disclosing any data or information that could harm the interest of the Government Entity or public funds, or violate the principle of equality among suppliers.

Article (19)

Bid Evaluation Criteria

A. Bids shall be evaluated using evaluation criteria relevant to the subject of the procurement, which include the following:

1. Financial cost.
2. Operating and maintenance cost of the procurement.
3. Delivery and completion period of the procurement.
4. Compliance of the procurement with the required characteristics and specifications (technical, environmental, operational, or other).
5. Terms of payments and guarantees.
6. Experience, reputation, efficiency, and professionalism of the Participating Supplier in providing the type of procurement required, according to their past performance.
7. Any other evaluation criteria stipulated in the Executive Regulation.

B. Taking into account the facilities and incentives provided in the applicable legislation, the Government Entity may grant a preference margin in favor of some Participating Suppliers, in accordance with the cases and controls specified by the Executive Regulation.

C. Non-price evaluation criteria must be objective, appropriate to the nature of the procurement to be offered, and measurable as much as possible.

D. The bidding documents must clearly include the evaluation criteria and mechanism used, and the weight of each criterion.

Chapter Five

Procurement Methods and Provisions

Article (20)

Procurement Methods

A. Procurement processes and contracting procedures shall be conducted using one of the following methods:

1. Tender.
2. Practice.

3. Direct Agreement (Direct Order).
4. Competition.
5. Price Agreement.

B. Procurement procedures by tender shall be carried out in accordance with the provisions stipulated in Chapter Five of this Part of the Law and its Executive Regulation.

C. The Executive Regulation shall regulate the cases, rules, and procedures for procurement by Practice, Direct Agreement, Competition, Price Agreement, and any other procurement methods.

D. Government Entities may procure from outside the State using any of the procurement methods specified in this Law or its Executive Regulation, and the Executive Regulation shall specify the cases and procedures for procurement in this case.

E. The Department, after the approval of the Ruler's Representative, may identify the procurement needed by more than one Government Entity, unify their technical specifications, and directly handle all procedures for offering them, receiving and studying bids, selecting the best ones, and concluding framework agreements in their regard on behalf of the Government Entities, in accordance with the controls specified by the Executive Regulation.

Article (21)

Tender Documents, Conditions, and Announcement

A. The Government Entity must, before announcing its procurement, prepare the documents, instruments, and conditions related to the procurement process.

B. The public tender shall be offered through a Public Announcement, in accordance with the provisions of this Law and its Executive Regulation.

C. The Executive Regulation shall specify the content of the Public Announcement and the controls for offering the tender in two stages.

Article (22)

Submission and Validity of Bids

- A. Bids shall be submitted through the Procurement System within the period specified in the tender announcement.
- B. The bid shall remain valid and may not be withdrawn throughout the period stipulated in the tender documents and conditions. The Government Entity may, when necessary, extend the period for the validity of bids under the same conditions and prices, for a period not exceeding (60) sixty days, starting from the date of expiry of the period specified in the tender documents and conditions, provided that the Participating Suppliers are notified of the extension and requested to extend the validity period of the Preliminary Security by an equivalent period.
- C. The Executive Regulation shall specify the other controls, conditions, and provisions related to bids.

Article (23)

Amendment of Tender Conditions

Any of the tender conditions may be amended before the end of the bid submission period. The time period for submitting bids must be extended by another appropriate period if necessary, and the Participating Suppliers must be notified to enable them to amend their bids according to the amended bidding conditions.

Article (24)

Cancellation of the Tender

- A. The tender shall be canceled before a decision is made on it if the public interest so requires. Cancellation may occur in the cases specified by the Executive Regulation.
- B. In all cases, the Participating Suppliers must be notified of the cancellation in the same way the tender was announced, and the bids and securities submitted by them shall be returned. This cancellation shall not result in any liability against the Government Entity or the Department.

Article (25)

Inquiries from Participating Suppliers

A. Participating Suppliers may raise inquiries and request reasonable and necessary data about the offered procurement, within the period specified in the tender announcement.

B. The Government Entity must respond to inquiries within the period specified by the Executive Regulation, and inform all Participating Suppliers of this, without disclosing the source of the inquiry or request or its confidential information.

C. The Government Entity may hold a meeting with the Participating Suppliers before providing the final responses, based on their request, to provide general information about the offered procurement and clarify inquiries if any.

Article (26)

Negotiation

Negotiation shall be conducted with Participating Suppliers whose bids are accepted, to obtain the best prices and conditions in the cases specified by the Executive Regulation.

Article (27)

Awarding

A. The award shall be made based on the evaluation criteria contained in the bidding documents, and in accordance with the controls and procedures specified by the Executive Regulation.

B. The winning supplier shall be notified by an Award Letter, to provide the Final Security and sign the contract. The other Participating Suppliers shall also be notified of this. This notification shall not create any right against the Government Entity, which shall only be bound from the date of concluding the contract, issuing the purchase order or the commencement order, and after the submission of the Final Security.

C. The result of the award may be published on the Procurement System after the contract is signed. The Executive Regulation shall specify the data that may be published.

Article (28)

Cancellation of the Award

A. The Government Entity may cancel the award decision in any of the following cases:

1. If the public interest so requires.
2. If it is proven that the bid violates any of the legislation in force in the State or the Emirate.
3. If the award would have a negative impact on national security or the confidentiality of sensitive government information.
4. If the winning supplier commits a serious error that affects transparency, integrity, or competition, or engages in legally prohibited acts, or submits incorrect data or documents.
5. If the winning supplier offers, grants, or facilitates a bribe, commission, manipulation, or fraud, with the aim of unlawfully influencing the procurement process procedures, without prejudice to the provisions of any other relevant law or legislation.

B. The Executive Regulation shall specify the measures to be taken against the winning supplier who caused the cancellation.

Article (29)

Securities

A. A "Preliminary Security" equivalent to (2%) of the total bid value shall be submitted with each procurement bid to ensure the seriousness of the contract. Any bid not accompanied by this security shall be excluded.

B. An unconditional and irrevocable "Final Security" shall be collected from the winning supplier before signing the contract, equivalent to (10%) of the total contract value, or a lump sum amount specified by the Government Entity in the contract for which it is difficult to accurately determine the financial equivalent.

C. The Executive Regulation shall specify the procedures for the Preliminary and Final Security, and the controls and cases for reducing their value, exempting from their submission, returning them, or confiscating them.

D. The supplier's creditor or any other person may not seize the Preliminary Security or the Final Security during their validity period.

Chapter Six

Conclusion and Execution of Contracts

Article (30)

Drafting the Contract

A. All contracts and annexes stipulated in this Law and its Executive Regulation, as well as their related correspondence, shall be drafted in the Arabic language. Another language may be used alongside Arabic, provided that the Arabic language is the one adopted for the execution and interpretation of the contract. When necessary, the contract may be drafted in a language other than Arabic if its nature or the technical terms contained therein so require.

B. The procurement contract shall regulate the terms of the agreement and the obligations and rights of its parties. It shall be prepared in a manner that does not violate this Law and its Executive Regulation. In the event of any disputes or disagreements between the Government Entity and the supplier, the procurement contract shall be referred to as the legal document governing the contractual relationship between them, and it shall be prepared according to the templates approved by the Department.

C. The contract shall be signed by the director of the Government Entity, and the contract may not be amended except by the agreement of all parties, and an annex shall be drafted for this purpose.

D. The Executive Regulation shall specify the general provisions of the contract, its essential clauses, its management rules, and the controls for its amendment.

Article (31)

Refusal to Provide Final Security or Sign the Contract

A. If the winning supplier refuses to provide the Final Security or to sign the contract without an acceptable excuse within the period specified in the Award Letter, the Government Entity, after confiscating the Preliminary Security and based on the recommendation of the Procurement Committee, may take one or more of the following measures:

1. Cancel the tender and re-offer it.
2. Keep the tender and award it to the bidder with the next best bid in terms of price, as long as their bid is still valid.
3. Claim compensation from the winning bidder for the damages incurred by the Government Entity.
4. Notify the Department to remove the winning bidder from the supplier register or suspend them for a specific period.

B. The Government Entity shall take the measures stipulated in this Article without the need for a warning, notice, or judicial ruling.

Article (32)

Execution of the Contract

A. The contract must be executed according to its terms and conditions, and in a manner consistent with what the principle of good faith in contracting requires.

B. The obligations of the contractor with the Government Entity are not limited to executing what is stated in the contract only, but extend to all that is necessary for execution according to the law, custom, and the nature of the transaction, and the conditions, rules, and procedures contained in this Law and its Executive Regulation.

C. The period for executing the contract shall begin from the day following its signing, unless the contract, purchase order, or commencement order, as the case may be, provides otherwise.

D. The Executive Regulation shall specify the provisions for the execution of each of the supply contracts, service contracts, and works contracts.

Article (33)

Advance Payment

The Government Entity may include a provision in the contract for the disbursement of an advance payment from the contract value, against the provision of a guarantee of the same value and currency. The Executive Regulation shall specify the conditions and controls for disbursing the advance payment and the mechanism for its recovery.

Article (34)

Change Orders

A. The Government Entity, within the limits of its actual needs, may modify the quantities of items or the volume of works or services specified in the contract during its execution period, by means of a change order for an increase or decrease within the limit of (30%) of the total contract value, under the same conditions and prices, provided that a financial appropriation is available in the annual budget of the Government Entity if the change order involves an increase. The Executive Regulation shall specify the controls and provisions for change orders.

B. If necessity requires the addition of new items, works, or services not included in the contract but related to its subject matter, the Government Entity may directly agree on them with the supplier, provided they do not exceed (30%) of the total contract value, and provided that a financial appropriation is available in the annual budget of the Government Entity.

C. A contract annex must be signed, and the Final Security and time period must be amended as appropriate in all cases of contract modification.

Article (35)

Assignment of the Contract and Subcontracting

A. The contractor with the Government Entity may not assign the contract or part of it to another supplier except after obtaining written approval from the Government Entity. The Executive Regulation shall specify the conditions and controls for assigning the contract.

B. The contractor may, with the approval of the Government Entity, execute their obligation through another person as a subcontractor. The Executive Regulation shall specify the conditions for subcontracting and its limits in works contracts and supply contracts.

C. In all cases, the original contractor shall remain jointly and severally liable with the assignee or the subcontractor to the Government Entity for any breach that occurs in the execution of the contract.

Article (36)

Financial Consideration for the Contract

A. The value of contracts shall be paid in UAE Dirhams. The value of foreign procurements may be paid in another currency.

B. The financial consideration shall be disbursed at the times specified in the contract, and after acceptance and receipt of the procurement.

C. The Government Entity may disburse the dues of subcontractors for the parts they have executed from the dues of the original contractor held by it, in case of their delay or failure to pay them.

D. The contractor with the Government Entity may not assign their dues from the contract to third parties except with the written approval of the Government Entity.

E. The Executive Regulation shall specify the controls for disbursing the consideration for the contract, and the controls for disbursement to subcontractors.

Chapter Seven

Breach of Contractual Obligations and its Consequences

Article (37)

Breach of Contractual Obligations

A. If the contractor breaches any of their contractual obligations and fails to remedy the effect of that within the period specified by the Government

Entity, the latter shall have the right, after notifying them, to take one of the following two actions, as required by the public interest:

1. Terminate the contract.
2. Execute the contract at the contractor's expense.

B. In all cases, the termination or execution at the contractor's expense shall be by a decision of the director of the Government Entity, based on the recommendation of the Procurement Committee.

Article (38)

Delay Penalty

A. The contractor must execute the contract within the specified period. If they are delayed, the Government Entity may, for reasons of public interest, grant them an additional period to complete the execution, otherwise a penalty for the period of delay shall be imposed on them, without the need for a warning, notice, or legal action, in accordance with the controls and percentages specified by the Executive Regulation.

B. The imposition of the penalty referred to in paragraph (A) of this Article shall not prejudice the right of the Government Entity to claim compensation from the contractor for the damages it has suffered due to the delay.

Article (39)

Exemption from Delay Penalty

The Government Entity may exempt the contractor from the penalty if the delay is due to force majeure or an unforeseen circumstance, or a reason attributable to the Government Entity itself, or any other reason unrelated to the contractor, provided that they submit a request for exemption from the penalty in accordance with the controls specified by the Executive Regulation.

Article (40)

Termination of the Contract

A. Without prejudice to the legally established liability, the contract shall be terminated if the Government Entity proves any of the following cases:

1. The occurrence of fraud or manipulation by the contractor in their dealings with the Government Entity, or when submitting the bid, or when executing their contractual obligations or because of them.
2. The contractor attempting, by themselves or through others, directly or indirectly, to bribe an employee of the Government Entity or a member of the committees formed according to this Law, or colluding with any of them to the detriment of the Government Entity.
3. The bankruptcy or insolvency of the contractor, or if they are a legal person and have been dissolved or liquidated.
4. The contractor assigning the contract or subcontracting without the written approval of the Government Entity.

B. In the cases stipulated in paragraph (A) of this Article, and without prejudice to its right to claim compensation, the Government Entity shall confiscate the Final Security and other guarantees, and notify the Department to take measures to suspend or ban dealings with the supplier, in accordance with the provisions of this Law and its Executive Regulation.

C. The Government Entity may terminate the contract if the contractor dies. Their dues shall be settled and the securities and any other guarantees provided by them shall be returned to their heirs in accordance with the applicable legislation. The Government Entity may continue the contract with the heirs after their consent, if they have the necessary technical qualifications and guarantees to complete the execution of the contract.

D. In all cases of contract termination, the Government Entity may contract for the remaining parts of the procurement by the means it deems appropriate, and may invite the bidders whose bids follow that of the contractor whose contract was terminated, to submit new bids to be evaluated and awarded in accordance with the provisions of this Law and its Executive Regulation.

Article (41)

Consequences of Contract Termination

A. Without prejudice to the provisions stipulated in paragraph (C) of Article (40) of this Law, and in all cases of contract termination or its execution at the contractor's expense, the Final Security and other guarantees shall be the right of the Government Entity. It may deduct the decided delay penalty and the amount of loss it has incurred, from any amounts due or to become due to the contractor, held by it or by any other Government Entity, without prejudice to the right of the Government Entity to claim compensation if necessary.

B. The procedures stipulated in this Article shall be applied without the need for a notice or other legal action.

Article (42)

Ending the Contract

A. The Government Entity may end the contract without any breach by the contractor in the following cases:

1. In accordance with the requirements of the public interest.
2. Agreement of the two parties to end the contract for any other reason.

B. The ending in the case stipulated in clause (2) of paragraph (A) of this Article, as well as paragraph (A) of Article (50) of this Law, shall be in accordance with what is determined by the settlement agreement between the two parties. The Executive Regulation shall specify the controls for ending in this regard.

Part Three
Warehouses and Disposal of Assets

Chapter One
Warehouses

Article (43)
Establishment and Leasing of Warehouses

A. The Government Entity must establish or lease the necessary warehouses for storing its assets, and equip and provide them with the needed devices, equipment, systems, human resources, procedures, and work manuals, in a manner appropriate to the type, nature, and size of the assets.

B. The Government Entity shall bear direct responsibility for security and protection procedures, and for insuring its warehouses against all potential dangers, accidents, and risks.

C. The Executive Regulation shall specify the competencies of the Warehouse Unit, the duties and responsibilities of the warehouse keepers, as well as the provisions and procedures related to inventory management.

Article (44)
Electronic Warehouse System

The Warehouse Unit must record the receipt and dispatch of materials through the electronic warehouse system, in accordance with what is specified by the Executive Regulation.

Article (45)
Warehouse Inventory

A. The warehouses shall be inventoried comprehensively or through a partial surprise inventory at least once every year.

B. The Executive Regulation shall regulate the rules and procedures for the inventory and the formation of the committees that carry it out, and their competencies.

C. The Government Entity must notify the Department and the Financial Audit Authority in Ajman of the results of the inventory regarding any violations, and the measures taken in this regard.

Chapter Two

Disposal of Assets

Article (46)

Methods of Disposing of Assets

A. Assets shall be disposed of by sale through Auction, Practice, or Direct Agreement.

B. The Government Entity may donate its surplus assets.

C. The Government Entity may cancel the award decision in an auction upon the occurrence of any of the cases stipulated in Article (28/A) of this Law.

D. The Executive Regulation shall regulate the rules, provisions, and procedures for the disposal of assets, as well as the committees formed at the Government Entity for this purpose.

Article (47)

Concluding the Asset Disposal Contract

The Government Entity shall draft a contract with the winning bidder, which includes the financial consideration for the assets, and the most important conditions and obligations arising from the award, including the dates for receiving the assets. This contract shall be signed by the director of the Government Entity.

Article (48)

Framework Agreement

A. The Department may conclude a framework agreement with one of the entities specialized in selling through auctions, through which the Government Entity disposes of its assets.

B. In the absence of this framework agreement, the Government Entity may entrust one of these entities to dispose of its assets, without prejudice to the provisions of this Law and its Executive Regulation.

Part Four

Final Provisions

Article (49)

Grievance Committee

A. A committee named the (Grievance Committee) shall be formed in each Government Entity by a decision of its director, consisting of at least (5) five members, including the chairman and deputy chairman, selected from among those with experience and competence.

B. The committee shall be competent to decide on grievances submitted by the Participating Supplier, contractor, or bidder, regarding any action taken against them under the provisions of this Law and its Executive Regulation.

C. The Executive Regulation shall specify the working mechanism of the committee, and the conditions, controls, and procedures for submitting grievances and responding to them in accordance with this Article.

Article (50)

Force Majeure and Unforeseen Circumstances

A. If, during the execution of the contract, a force majeure or exceptional general events that cannot be prevented or anticipated occur, and as a result, the execution of the contract becomes impossible, the contract shall be considered terminated in this case, after the Government Entity verifies the existence of the force majeure situation.

B. If, during the execution of the contract, unforeseen circumstances that cannot be prevented or anticipated occur, and as a result, the execution of the contract becomes burdensome, exposing the contractor to a significant loss for which they are not at fault, the contractor must continue to execute the contract. They may submit a request to the Government Entity, supported by the necessary documents and instruments, to consider the loss they have incurred. The Government Entity shall verify this and take what it deems appropriate in this regard.

Article (51)

Approval Authorities

The Executive Regulation shall specify the authorities for approving the procurement process and the disposal of assets, and the rules for delegating authorities. It is not permissible under any circumstances to divide the procurement process for the purpose of violating the approval authorities specified in the Executive Regulation of this Law.

Article (52)

Minerals, Fossils, and Antiquities

Precious metals, fossils, assets, ancient or historical objects, antiquities, treasures, coins, and other valuable assets discovered by the contractor with the Government Entity during the execution of the contract shall be considered the property of the Government. Upon discovering these assets and objects, they must immediately notify the Government Entity and take the necessary precautionary measures to prevent the removal of those assets and objects or exposing them to any damage or harm.

Article (53)

Liability for Damages

A. The Government Entity shall not bear any liability towards third parties for any damages resulting from the contractor's execution of their contractual obligations. The contractor alone shall bear full responsibility for these damages and for their compensation.

B. The Government Entity may claim from its contractor any compensation awarded against it as a result of damages arising from their execution of the contract. It may deduct any compensation it pays to third parties for this reason, if the contractor fails to fulfill it, from their dues held by it, and charge them with administrative expenses not exceeding (10%) of the amount paid.

Article (54) Applicable Law and Dispute Settlement

A. The contract must include a provision stating that the contracting parties are subject to the provisions of this Law and its executive regulations.

B. Disputes arising from the contract shall be settled amicably. If an amicable settlement is not reached, the federal courts in the Emirate shall have jurisdiction to adjudicate such dispute.

C. It is not permissible to agree to accept arbitration or other alternative dispute resolution methods except with the approval of the Crown Prince.

Article (55) Accountability

Without prejudice to any more severe penalty stipulated in any other applicable legislation, any employee who violates the provisions of this Law, its executive regulations, or the decisions issued thereunder shall be subject to disciplinary action.

Article (56) Contracts Concluded Before the Effective Date of this Law

A. The provisions of this Law shall not apply to contracts concluded before its effective date. Such contracts shall remain subject to their own provisions and to the legislation that was in force before the issuance of this Law.

B. In all cases, the contracts stipulated in paragraph (A) of this Article may not be amended, renewed, or extended except in accordance with the provisions of this Law and its executive regulations.

Article (57) Executive Decisions

A. The Ruler's Representative shall issue the executive regulations upon the suggestion of the Department, provided that they include the controls and procedures necessary for the implementation of this Law. They shall be presented to the Legislation Committee in the Emirate to take its procedural actions thereon before issuance, in accordance with the Committee's work system issued by Amiri Decision No. (8) of 2018.

B. The Director General shall issue any decisions, policies, guides, or forms necessary for the implementation of the provisions of this Law and its executive regulations.

Article (58) Repeals

A. As of the effective date of this Law, any text or provision contained in any other legislation that contradicts or conflicts with the provisions of this Law shall be repealed.

B. Notwithstanding what is stated in paragraph (A) of this Article, the regulations, decisions, policies, guides, and forms issued before the entry into force of this Law shall continue to be in effect, to the extent that they do not conflict with its provisions, until they are replaced by what supersedes them in accordance with the provisions of this Law.

Article (59) Entry into Force and Publication

This Law shall come into force (30) days after the date of its issuance and shall be published in the Official Gazette of the Emirate.

Issued by us on this day, Wednesday, 04 Rabi' al-Awwal 1447 AH,
corresponding to 27 August 2025 AD.

Humaid bin Rashid Al Nuaimi

Ruler of the Emirate of Ajman