

Date 2025/04/24

To His Excellency / Director Generals of Government Entities in the Emirate of Ajman

Respected

Government of Ajman

Peace be upon you and God's mercy and blessings,,,

**Subject: Financial Circular No. (3) for the year 2025 AD
Regarding the preparation of the medium-term financial plan
for the years (2026-2028)
and the draft general budget for the Government of Ajman for
the fiscal year 2026**

The Department of Finance extends its best regards and is pleased to attach for Your Excellency a copy of the Financial Circular No. (3) for the year 2025 AD regarding the preparation of the medium-term financial plan for the years (2026-2028) and the draft general budget for the Government of Ajman for the fiscal year 2026, issued by His Highness the Ruler's Representative for Administrative and Financial Affairs.

We hope that Your Excellency will kindly direct the specialists in your entity to review it and implement its provisions and procedures according to the specified dates.

Please be advised that the specialists at the Department of Finance will coordinate a workshop with the concerned parties in your respected entities to explain the provisions and procedures contained in the circular and its attachments.

Thank you for your kind cooperation,,,

Please accept our highest respect and appreciation,,,

Marwan Ahmed Al Ali
Director General

Attachments:

- Financial Circular No. (3) for the year 2025 AD regarding the preparation of the medium-term financial plan for the years (2026-2028)

and the draft general budget for the Government of Ajman for the fiscal year 2026.

Financial Circular No. (3) for the Year 2025 AD
Regarding the preparation of the medium-term financial plan
for the years
(2026-2028)

and the draft general budget for the Government of Ajman for the fiscal year

2026

Based on the provisions of Article No. (11) of the Emiri Decree No. (11) of 2011 issuing the Financial Law of the Government of Ajman and Article No. (5) of the Emiri Decision No. (7) of 2024, and stemming from our responsibility to supervise the preparation and implementation of the financial plans of the Government of Ajman, and emphasizing the active role of all government entities in implementing these financial plans, and for the requirements of preparing the general budget for the fiscal year 2026 within a medium-term financial plan for the years (2026-2028), we direct the following:

First
Scope of Application of the Circular

This circular applies to all departments, administrations, agencies, and centers of the Government of Ajman whose budgets are included in the annual general budget of the Government of Ajman.

Second
General Instructions and Rules

All concerned government entities mentioned in First above of this circular must adhere to the following instructions and rules:

1. Prepare the medium-term financial plan for the years (2026-2028) by updating the approved financial plan for the years 2026 and 2027, ensuring compliance with the approved allocations for the plan years 2026 and 2027. Any amendments should be limited to justified and

highly important matters, with the assessment of these justifications subject to the Department of Finance. This includes adding the requirements for the year 2028 and entering this update and addition into the planning system as follows:

- Enter the operational processes plan into the planning system by 19/05/2025 AD.
- Enter the initiatives plan into the initiative system by 16/06/2025 AD.
- Enter the revenue plan into the planning system by 01/07/2025 AD.

Adherence to the procedures attached to this circular is required, with the general budget being considered the data for the first year of this plan.

2. Coordinate with the General Secretariat of the Executive Council regarding the review of the strategic frameworks for initiatives and projects to be included in the draft budget and financial plan, to ensure their alignment with the strategic plan of the Government of Ajman and Ajman Vision 2030. The General Secretariat of the Executive Council must complete its procedures by 07/07/2025.
3. Coordinate with the Department of Human Resources and provide any requested data regarding the requirements related to the human resources plan. The Department of Human Resources must complete its study of the entities' requirements by 16/06/2025 and enter its final recommendations on the system.
4. Coordinate with the Ajman Digital Department and provide any requested data regarding technical requirements. The Ajman Digital Department must complete its study of the entities' requirements by 07/07/2025 and enter its final recommendations on the system.
5. Work towards achieving the objectives of Law No. (2) of 2022 regarding the regulation of partnership between the public and private sectors in the Emirate of Ajman, by developing partnership plans and identifying proposed projects expected to be implemented by the private sector, enabling the government to implement its developmental and strategic projects efficiently and effectively by leveraging the capabilities and

expertise of the private sector. To achieve this, we emphasize the importance of:

1. Identifying proposed projects suitable for implementation through partnership with the private sector and evaluating them based on the following criteria:
 - The project does not involve issuing policies or regulations or relate to internal support services.
 - The extent of public interest achieved by the project in terms of enhancing community safety, health, financial level, knowledge stock, or general lifestyle.
 - The extent to which the private sector possesses better human resources and deeper knowledge to implement the project compared to the capabilities of the government entity.
 - The possibility of transferring risks, partially or wholly, from the concerned government entity to private sector partners (e.g., construction, financial, legal, and environmental risks).
 - The value of the project (specifically the capital and operating expenses of the project).
2. Prioritizing public-private partnership projects based on their impact, ease of implementation, and compatibility with sustainable development requirements and the Emirate's priorities.
3. Preparing detailed studies for each potential project, including financial analysis, economic feasibility, and the expected benefits of the partnership.
4. The concerned government entity submitting the public-private partnership project plan to the Department of Finance, which includes project identification, priorities, and a feasibility study, for review and recommendation to the Ruler's Representative.
5. The Department of Finance will study and analyze the draft financial plans submitted by the concerned government entities and support requests, discuss them with those entities, and then prepare the draft financial plan for the government.
6. The Department of Finance will present the draft financial plan and general budget for the government and its recommendations thereon to the Ruler's Representative, no later than 15/09/2025 AD.
7. If any government entity fails to submit its draft financial plan data within the deadlines specified in this circular, the Department of Finance

will prepare the draft financial plan for the concerned government entity, and the concerned government entity may not object to it.

9. If the approval of the draft general budget for any fiscal year is delayed, the Department of Finance will issue a circular to the concerned government entities regulating expenditure for a temporary period, based on the provisions of the financial system of the Government of Ajman.
10. The Department of Finance will interpret and clarify any ambiguity or confusion in the items of this circular and respond to any inquiries from any government entity regarding it, and provide all necessary clarifications to ensure the proper and full application of this circular.
11. The Department of Finance will communicate this circular to the entities concerned with its application and will follow up on their compliance with its provisions. It shall be effective from the date of its issuance.

**Ahmed bin Humaid
Al Nuaimi
Ruler's Representative
for Administrative and Financial Affairs**

Issued on: / / 2025 AD

Preliminary Procedures
Attached to Financial Circular No. (3) for the Year 2025
Regarding the preparation of the medium-term financial plan
for the years (2026-2028)
and the draft general budget for the Government of Ajman for
the fiscal year 2026

First: All concerned entities, when preparing their draft financial plan and budget, must consider the following:

1. Conduct a comprehensive assessment of financial performance from previous years and use it to improve the monthly distribution of revenues and expenditures approved in the 2026 financial plan to avoid variances in the implementation of the monthly budget.
2. Include financial allocations for any contracts, requests, or purchase orders issued during the fiscal year 2025 and expected to be executed or received during the fiscal year 2026 within the government entity's draft budget for the fiscal year 2026 AD.
3. Ensure alignment with strategic objectives and Ajman Vision 2030.
4. Coordinate with stakeholders and relevant entities to ensure integration and avoid duplication in spending or projects.
5. Provide any data or information that may be requested by the Department of Finance, even if it has been previously submitted.

Second: All concerned entities must complete all preliminary work for preparing their draft financial plan and budget as detailed below:

a- Regarding Government Revenues:

Estimate their full revenues at the level of revenue items (activity), and ensure accuracy in forecasting their revenues, taking into account the economic indicators of the Emirate and the impact of the corporate tax application. Coordinate and cooperate with the Government Revenue

Department at the Department of Finance in this regard, and enter their final estimates into the planning system as detailed below.

- Review revenue estimates for the approved plan years 2026 and 2027, including justifications for any amendments on the system.
- Justify the reasons for any change (increase or decrease) exceeding 5% or AED 500,000, whichever is greater, for any item (activity) in the estimated revenues for 2028 compared to the item (activity) in the approved or adjusted revenues in the approved plan for 2027, stating the assumptions used in the revenue estimation.

b- Regarding Operating Costs:

This refers to the mandatory costs for the government entity to accomplish its usual core and support activities and consists of: costs of salaries, wages, and other benefits, and mandatory operating expenses.

b/1 Regarding Costs of Salaries, Wages, and Other Benefits.

All concerned government entities must review the data and number of their existing positions on the planning system and refer to the Department of Finance in case of any discrepancies, and enter and review the data mentioned below:

1. Promotion allocations at each program level.
2. Incentive bonus allocations in the designated program.
3. Review health insurance costs according to the contract with the insurance company.
4. Secondment allowance allocations in the program to which the employee is expected to be seconded, attaching the secondment decision if available or including future secondment plans.
5. Costs of renewing residencies and IDs.
6. Ensure the addition of performance evaluation for all positions (except for new positions that have not completed 6 months and vacant positions).
7. The financial impact of any pending amendments to salary costs that have not yet been applied to the systems.

8. Ensure the addition of any other allowances or benefits the employee is expected to receive for the first time next year, such as (qualification allowance, children's allowance).
9. Justify retaining any vacant position at the time of submitting the draft financial plan data.
10. Costs of new positions, if any, with all supporting documents for the entity's request and the special forms from the Department of Human Resources attached.

b/2 Regarding Mandatory Operating Expenses:

All concerned government entities must work to rationalize their operating expenses, propose necessary measures and solutions to increase the efficiency and effectiveness of government operating spending, and estimate these expenses based on actual spending from previous years, taking into account fixing these expenses for the following years of the plan unless there are clear justifications for increasing any expense, with those justifications attached. The assessment of these justifications is subject to the Department of Finance. Adherence to entering their final estimates into the planning system is required, taking into account:

- Review the operating expenses approved in the plan for the years 2026 and 2027, with the need to justify any change in those expenses.
- Justify the reasons for any change exceeding 5% or AED 100,000, whichever is greater, for any expense item at the program level for the year 2028 compared to what was approved in the financial plan for 2027, and enter the data mentioned below into the planning system as follows:
 1. The entity's mandatory operating expenses, considering expenses allocated to independent programs, which are:
 - The Recurring Mandatory Expenses Program, allocated for some common expenses (water and electricity - communications and internet - sewage expenses).
 - The Microsoft Systems Business Continuity Program, allocated for renewing Microsoft licenses based on the contract concluded by the Ajman Digital Department.

- The Oracle System Licenses Program, allocated for renewing Mawared system licenses based on the contract concluded by the Department of Finance.

2. Insert the latest version of service contracts related to operating processes for the current fiscal year when re-requesting them on the planning system.
3. Costs of contracting with recruitment companies for outsourcing services or positions, with a copy of those contracts attached to the planning system.
4. Operational technical needs with supporting documents for those needs attached to the planning system.

The Department of Finance urges government entities to enhance cooperation to exchange best practices and innovative solutions in rationalizing operating expenses and to conduct periodic analysis of operating costs to identify areas where spending can be improved and reduced without affecting services.

c- Regarding Costs of Initiatives: These are all non-mandatory expenses (core or support) and consist of:

c/1 New Initiatives: These are newly created initiatives for the government entity that the entity has not previously worked on and require the preparation of a case study.

c/2 Existing Initiatives: These are continuations of initiatives for which allocations were approved in previous years.

c/3 Unified Initiatives: These are initiatives allocated for specific operating expenses and require a detailed statement of expenses for each initiative.

In this regard, concerned government entities must adhere to the following:

1. Review the strategic linkage of initiatives, strategic objectives, and targets in the government's strategic plan and Ajman Vision 2030, in coordination with the General Secretariat of the Executive Council.
2. Enter the case study data on the initiative system for all new initiatives, with the need to state the expected impact of these initiatives, including

potential economic and social benefits, to make informed decisions in allocating financial resources, with the need to attach the following documents:

- Documents supporting the cost determination.
- The financial and technical proposal for digital initiatives.
- A detailed statement of the annual operating expenses resulting from the implementation of any initiative.
- A complete feasibility study for initiatives of a profitable nature.

d- Regarding the Cash Budget

Government entities must complete the preparation of the cash budget and enter it into the planning system, considering the following:

1. Distribute the estimates of incoming cash flows related to the estimated revenues in the 2026 AD budget monthly, taking into account the estimates of cash flows related to the collection of revenues from previous years.
2. Distribute the estimates of outgoing cash flows related to the estimated expenses in the 2026 budget monthly, taking into account the estimates of cash flows for expenses that will be completed during the fiscal year 2025 for which the due amounts have not been paid.
3. Distribute the estimates of other outgoing and incoming cash flows, such as guarantees and receipts or payments on behalf of others, monthly.
4. Distribute cash flows according to their seasonality, taking into account revenue trends unless there is a better method that more realistically and reasonably shows the monthly cash flows of the government entity.