



LAWS OF MALAYSIA

REPRINT

Act 187

LOANS (ISLAMIC DEVELOPMENT BANK) ACT 1977

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**LOANS (ISLAMIC DEVELOPMENT BANK)
ACT 1977**

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LAWS OF MALAYSIA**Act 187****LOANS (ISLAMIC DEVELOPMENT BANK)
ACT 1977**

An Act to provide for the raising of loans from the Islamic Development Bank by the Government of the Federation and for matters connected therewith.

[16 September 1977]

BE IT ENACTED by the Yang di-Pertuan Agong with the advice and consent of the Dewan Negara and Dewan Rakyat in Parliament Assembled, and by the authority of the same, as follows:

Short title

1. This Act may be cited as the Loans (Islamic Development Bank) Act 1977.

Interpretation

2. In this Act, unless the context otherwise requires—

“Bank” means the Islamic Development Bank;

“Government” means the Government of the Federation;

“Minister” means the Minister of Finance.

Power of the Federation to borrow from the Islamic Development Bank

3. (1) Subject to the provisions of the Constitution and this Act, the Government may in such manner and on such terms and subject to such conditions as may be agreed between the Government and the Bank borrow from the Bank from time to time such sums as may be required by the Government.

(2) Any sums borrowed by the Government under the powers conferred by subsection (1) for the requirements of the Government shall be paid into the Development Fund and shall, notwithstanding the provisions of section 3 of the Development Funds Act 1966 [Act 406], be applied and are hereby appropriated to the purposes for which they were borrowed as specified in any agreement concluded with the Bank in respect of the sums so borrowed:

Provided that where any part of such sum cannot be applied to the purposes aforesaid such part may be applied to such other purposes as may be approved by the Minister and the Bank.

(3) Any agreement between the Government and the Bank in respect of sums borrowed under the powers conferred by subsection (1) shall be made in the name of the Government of Malaysia and may be signed on behalf of the Government by the Minister or by any person authorized thereto in writing by the Minister.

(4) As soon as possible after the conclusion thereof a copy of any agreement concluded with the Bank in respect of any sum borrowed under the powers conferred by subsection (1) shall be laid by the Minister before each House of Parliament.

(5) Nothing in the provisions of this section shall affect or derogate from any other existing power of the Government to borrow money.

Power to issue instrument including bonds

4. (1) Notwithstanding anything contained in any law, the Government may issue such bonds, promissory notes or other instruments on such terms and conditions as may be necessary for the purpose of giving effect to the terms of any agreement which may be entered into by it with the Bank in respect of any borrowing authorized by subsection 3(1).

(2) Any such bond, promissory note or other instrument may be signed on behalf of the Government by the Minister or by any other person authorized thereto in writing by the Minister.

Arbitration

5. If any dispute between the Bank on the one part and the Government on the other part arises under any agreement concluded or undertaking given in exercise of the powers conferred by this

Act or under any bond, promissory note or such instrument issued pursuant to any such agreement it shall be determined by arbitration in the manner agreed between the parties and any award made in such arbitration shall be enforceable in the Federation in all respects as if it had been validly made in an arbitration under the *Arbitration Act 2005 [Act 646], or any other written law relating to arbitration for the time being in force in the Federation and for the purposes of this section the provisions of such Act or law shall be binding on the Government.

Implementation of obligations under the agreement

6. (1) Subject to the provisions of the Constitution but notwithstanding anything contained in any other existing law any agreement concluded with the Bank in respect of any borrowing authorized by subsection 3(1) and any bond, promissory note or other instrument issued pursuant to any such agreement and undertaking given in respect of any such agreement, bond, promissory note or instrument by the Government shall be valid and enforceable and have full force and effect in the Federation in accordance with their respective terms.

(2) Without prejudice to the generality of the provisions of subsection (1)—

(a) the Minister may provide by order published in the *Gazette* that any tax or duty payable under the Income Tax Act 1967 [Act 53], or the Stamp Act 1949 [Act 378], respectively shall be remitted where such remission is necessary to give full and complete effect to any such agreement, bond, promissory note or instrument;

(b) nothing in the provisions of the Exchange Control Act 1953 [Act 17], shall apply to any transaction required to effect payment in any currency of any sum in accordance with the terms of any such agreement, instrument or bond in any currency.

(3) Neither the Government nor any agency thereof nor the Central Bank of Malaysia shall except as shall be otherwise agreed between the Minister and the Bank create any lien on any of its assets as security for any external debt unless it is expressly provided that the lien will *ipso facto* equally and rateably secure the payment of the principal of and charges on any loan made by or any bonds, promissory notes or instruments issued pursuant to any loan made by the Bank to the Government.

*NOTE—This Act has replaced the Arbitration Act 1952 [Act 646]—see s. 51 of Act 646.

(4) In subsection (3)—

“lien” includes mortgages, pledges, charges, privileges and priorities of any kind;

“external debt” means any debt payable in any medium other than currency which at the time in question is legal tender for the payment of private and public debt in the Federation whether such debt is payable absolutely or at the option of the creditor in such other medium.

LAWS OF MALAYSIA**Act 187****LOANS (ISLAMIC DEVELOPMENT BANK)
ACT 1977****LIST OF AMENDMENTS**

Amending law	Short title	In force from
	- NIL -	

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LIST OF SECTIONS AMENDED

Section	Amending authority	In force from
	- NIL -	

