

MANAGING AND ENHANCING THE WAQF PROPERTIES IN THE  
CONSERVATION ZONE IN GEORGETOWN –PENANG

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## DEDICATION

This life is a story and a journey that we are engaged in and often it is full of ups and downs. Many form part of our life experiences, some are immortalized in our story not, some have changed our experience. Some of them have added a special flavor to it and some brought in sorrow. Others have crossed our story without us noticing them. To all these people I dedicate this work:

- To Whom I cannot walk without her light lighting my way;
- Who fights and sacrifices to let me to be;
- Who is the biggest part of my entity;
- Who draw the biggest lines in my story;

***To my Mother!***

- To whom I do not have a lot of memory about him in this life;
- Who have the biggest event in my story;
- Whom I wish I can meet him in the other life in heaven;

***To my Father!***

- To who support me ... moments that we shared together;
- Moments of learning ... moments of emotions;

***To my siblings “Om Waleed, Om Nehal, Saleh, Raied, Helal”;***

***To all my friends especially those who lived in S 35!***

I am glad that I submitted this dissertation on a very special day of my life, on my birthday, 25 January.

Now every time I celebrate my birthday I will remember this achievement.

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## ABSTRACT

To be independent, autonomous and self-reliant, the Waqf institution needs to keep its assets based on income-generating. Unfortunately, the neglect of Waqf for the last two centuries has resulted in a great number of underdeveloped and abandoned Waqf properties in various Muslim nations. In Malaysia for instance, thousands of acres of Waqf lands and properties are idle, underdeveloped or underutilized. Due to these anomalies and vacuum, the complexity of the concept of Waqf and the pigeon holes of financial and legal institutions, a solution to the problem of Waqf development still remains an illusion.

On the basis of these illusions surrounding Waqf, further research on the original roles and functions of the Waqf properties should be carried out with the aim of improving the Waqf system according to Islamic guidelines and approaches. This study focused on how to improve and develop the Waqf especially in lands and how they should be well managed and enhanced.

To achieve this aim, theoretical and empirical studies earlier conducted about the relevant topics and references to the Islamic Waqf will be reviewed. It is believed that, an insight into the theories will provide the basic understanding of the subject matter to help in determining the key elements of ideal Waqf properties. Determine the current issues of the Waqf properties in the heritage zone in the area will be explained in order to enable readers to further understand the study. After that, general solutions to develop and support the Waqf property would be provided. Apart from that, the study will also show new methods in the financial markets which work with the Islamic law (Sharia) and can be applied on the developing and enhancing of the Waqf properties. In collaboration with the development, few successful ways of management and new methods of it will take place. Lastly, a general finding and conclusion on the Waqf property in the heritage zone in Georgetown will be presented.

## ABSTRAK

Untuk menjadi bebas, berautonomi dan berdikari, institusi Wakaf perlu menjaga aset-asetnya berdasarkan kepada penjanaan pendapatan. Malangnya, pengabaian terhadap Wakaf sejak dua kurun yang lalu telah menghasilkan jumlah besar hartanah Wakaf yang tidak dimajukan dan terbiar di beberapa negara Islam. Di Malaysia misalnya, beribu-ribu ekar tanah Wakaf adalah terbiar, tidak dimajukan atau tidak digunakan sepenuhnya. Disebabkan oleh keganjilan dan kekosongan ini, konsep Wakaf adalah sangat rumit dan berkait rapat dengan institusi undang-undang dan kewangan, satu penyelesaian bagi masalah pembangunan tanah Wakaf masih kekal sebagai satu ilusi.

Berdasarkan kepada ilusi ini berkenaan tanah Wakaf, kajian lanjut terhadap peranan-peranan asal dan fungsi-fungsi hartanah Wakaf perlu dijalankan dengan tujuan meningkatkan sistem Wakaf berdasarkan kepada garis-garis panduan dan pendekatan-pendekatan Islam. Kajian ini memberi fokus kepada bagaimana untuk meningkatkan dan membangunkan tanah Wakaf terutama sekali berkenaan dengan tanah dan bagaimana sepatutnya ia diurus dan ditingkatkan.

Untuk mencapai tujuan ini, kajian empirikal dan teoritikal terlebih dahulu dijalankan berkenaan dengan topik yang berkaitan dan rujukan Wakaf Islam akan dikaji semula. Dipercayai bahawa, satu pengertian mendalam terhadap teori-teori akan menyediakan pemahaman asas tentang sesuatu perkara untuk membantu dalam menentukan elemen utama bagi hartanah Wakaf. Menentukan isu-isu semasa bagi hartanah Wakaf dalam zon warisan di dalam sesuatu kawasan akan dijelaskan supaya pembaca dapat memahami kajian ini. Selepas itu, penyelesaian umum untuk membangunkan dan menyokong hartanah Wakaf akan disediakan. Selain daripada itu, kajian juga akan menunjukkan kaedah baru dalam pasaran kewangan yang berkaitan dengan hukum syarak (Sharia) dan dapat diaplikasikan untuk mengembangkan dan mempertingkatkan hartanah Wakaf. Usaha sama dengan pembangunan, beberapa cara pengurusan yang berjaya dan kaedah-kaedah baru akan dilaksanakan. Akhir sekali, penemuan umum dan kesimpulan ke atas hartanah Wakaf dalam zon warisan di Georgetown akan dikemukakan

## TABLE OF CONTENTS

CHAPTER	TITEL	PAGE
	<b>DECLARATION</b>	i
	<b>DEDICATION</b>	ii
	<b>ACKNOWLEDGEMENTS</b>	iii
	<b>ABSTRACT</b>	iv
	<b>ABSTRAK</b>	v
	<b>TABLE OF CONTENTS</b>	vi
	<b>LIST OF TABLES</b>	x
	<b>LIST OF FIGURES</b>	xi
	<b>LIST OF SYMBOLS</b>	xii
<b>1</b>	<b>INTRODUCTION</b>	1
	1.1 Background	2
	1.2 Problem Statement	3
	1.3 Objectives	4
	1.4 Scope	4
	1.5 Significance of the Study	5
	1.6 Approaches and Research Methodology	6
<b>2</b>	<b>LITERATURE REVIEW</b>	9
	2.1 Introduction	10
	2.2 The definition Of Endowments	11
	2.3 Types of Endowment	13
	2.3.1 Divides the Endowment In Terms Of the Purposes	14
	I. Religious Waqf	14
	II. Philanthropic Waqf	14

III. Private, Family or Posterity Waqf	15
IV. Combined Waqf	15
2.3.2 Divides the Endowment In Terms Of Timing	15
I. Permanent Waqf	16
II. Temporary Waqf	16
2.3.3 Divides the Endowment In Terms Of the Use of Money	16
I. Direct Waqf	17
II. Investment Waqf	17
2.4 Endowment Purposes	17
2.5 Detailed Goals for the Endowments	19
2.7 Waqf in Malaysia	22
2.7 Legalization of Converting a Direct Waqf (Endowment) To Direct and Investment Waqf (Endowment) Together.	23
<b>3 WAQF PROPERTY IN THE HERITAGE ZONE IN GEORGETOWN</b>	<b>27</b>
3.1 Identification of the Property	28
3.1.1 Location	28
3.1.2 Core Zone	30
3.1.3 Buffer Zone	30
3.1.4 Description of the Historic City of George Town	30
3.1.5 Urban Morphology of George Town	33
3.1.6 Significance of the Site	34
3.2 Background of Waqf Property in the Heritage Zone	38
3.2.1 Acheen Street Malay Mosque	38
3.2.2 Kapitan Kling Mosque	43
3.3 The Current Issues	46
3.3.1 Religious Waqf	47
3.3.2 Combined Waqf	47
I. Family Waqf	48

## II. Investment Waqf

48Error! Bookmark not defined.

<b>4</b>	<b>MANAGING FINANCING THE DEVELOPMENT OF WAQF PROPERTIES</b>	<b>65</b>
4.1	The importance of the development of Waqf (endowment)	66
4.2	The Traditional Formulas for Financing the Development of Endowment	67
4.2.1	Funding formula by luring a new endowment to be added to the old one	68
4.2.2	Borrowing for funding endowment	69
4.2.3	Replacement (Istebdal) to Developing Endowments benefits	69
4.2.4	Monopoly of the endowment	70
4.2.5	Alajartin Formula in the endowment building	72
4.3	Factors Caused New Forms of Endowments to Be Appeared	72
4.3.1	The establishment of the corporation	73
4.3.2	The System of the Taxes Has Been Extended and More Complex	75
4.3.3	The Continuous Regeneration of the Investment's Manners	76
4.4	New methods of development	76
4.4.1	Modes of finance the development of endowment from banks and finance companies	77
	I. Murabaha	77
	II. Leasing	78
	III. Speculation (Almgardh)	78
	IV. Partnership property	78
	V. The production-sharing	79
	VI. Monopoly or Long lease	79
4.4.2	Modes of Finance the Development of Endowment from the Public	80
	I. Production quotas	80



	II. Shares participation	80
	III. Leasing bonds (Ijara)	81
	IV. Shared Monopoly	81
	V. Speculation bonds	82
4.5	Goals of Waqf Management	83
4.6	Traditional Models in Managing the Investment of Endowment	84
	4.6.1 Direct Governmental Control of Investment Waqf	85
	4.6.2 Self-Management of Waqf People	86
	4.6.3 Self-Management under Judgment Observation	86
4.7	New Methods of Management	87
	4.7.1 Link the Managers with the Objectives of the Facility	88
	4.7.2 Appropriate Methods of Control and Observation for the Waqf Manager	90
<b>5</b>	<b>FINDING AND CONCLUSION</b>	91
5.1	Introduction	91
5.2	Enlarge the Mosque Community	92
5.3	The Family Waqf	94
5.4	The Investment Waqf	95
5.5	Encourage the establishment of new endowments	95
5.6	The Role of Government or Ministry of Endowment	96
	5.6.1 Tax Exemptions	96
	5.6.2 Legal Flexibility	97
6.7	Conclusion	98
	<b>REFERENCES</b>	101

**LIST OF TABLES**

<b>TABLE NO.</b>	<b>TITEL</b>	<b>PAGE</b>
3-1	The Waqf properties in the heritage zone – Georgetown	49

**LIST OF FIGURES**

<b>FIGURE NO.</b>	<b>TITEL</b>	<b>PAGE</b>
3-1	The Waqf properties in the heritage zone – Georgetown	29
3-2	Popham's Map of George Town in 1798	31
3-3	Waqf Properties in George Town	39
3-4	Waqf properties around Acheen and Kapitan Kling Mosque	40
3-5	Acheen Street Malay Mosque	41
3-6	Kapitan Kling Mosque	43
3-7	The use of Waqf properties in George Town	46

**LIST OF SYMBOLS**

TDR - Transferred Development Rights

## CHAPTER 1

### INTRODUCTION

This chapter introduces the issues and problems regarding the study topic which is “*Managing and Enhancing the Waqf Properties in the Conservation Zone in Georgetown –Penang*”. Moreover, problems and issues related to the subject matter as revealed in books, journal publications, and other sources will be identified. After that, we shall determine and designed the study framework. The study shall also highlight the background of the study, problem statement, and objectives of the study, its scope and significance. In order to facilitate easy understanding of the study the approach and methodology of this research will also be discussed.

## 1.1 Background

Islamic countries all over the world, wealth is not only in the hands of individuals or corporate entities but also available in the form of endowment known as Waqf. With a population of about 24 million people, it is reported that in Malaysia there are over 32,000 acres of Waqf land in to be managed and utilized for the benefit the Muslims society.

To be independent and self-reliant, the Waqf institution needs to keep its income-generating assets. Unfortunately, the neglect of Waqf in the last two centuries has resulted in a great number of underdeveloped and abandoned Waqf properties in various Muslim nations. In Malaysia, thousands of acres of Waqf lands and properties are idle, underdeveloped, or underperforming. Due to the complexity of the concept of Waqf and the pigeon holes of financial and legal institutions, a solution to the problem of Waqf development has still remain elusive.

On the basis of these reasons, further researches on the original roles and functions of the Waqf properties must be carried out in order to improve the Waqf system under the light of Islamic guidelines and approaches. This study therefore, will focus on how the development, management and enhancement of land Waqf should be positively handled.

## 1.2 Problem Statement

With globalization comes the accelerating rate of urbanization, an issue that has led to a massive increase in production value for the accumulation of endowment inherited from the past. This is because most endowment inherited from the past generations today has become one of the best residential and commercial areas in the cities, and the most fertile agricultural land and the closest to marketing centres for the endowments outside the cities.

In Malaysia, Waqf property administration, management and development is in the hand of Majlis Agama Islam of every state. They are not well trained in property management and this had added to the problem of idle Waqf lands.

The above factors have negatively affected many Waqf properties and either rendered it underdeveloped or idle or near non-existent. Another issue is that almost all development activities by the government or its related bodies have resulted idleness or lacking proper developmental speed.

Ideally, Waqf properties should be well managed, enhanced, developed and protected due to their value and potentials. The question is “are there existing system and mechanism that can help in the management of Waqf properties and development?”

### **1.3 Objectives**

This thesis considers the ways to improve the Waqf properties in Malaysia in general and particularly the Waqf properties in conservation zone in Georgetown – Penang.

The objectives of this study are as follows:

- To find out and explain the issues of Waqf properties in general.
- To suggest ways for financing and developing the Waqf properties.
- To suggest ways for managing and enhancing the Waqf properties.
- To recommend some remedial ideas that will help in enhancing the Waqf properties.

### **1.4 Scope**

The study focuses upon the Waqf properties in Malaysia in general and will specifically delve on land Waqf in conservation area as a special case. The scope of the study is viewed from three main aspects:

Firstly, the traditional methods for the financing of the Waqf (endowment) development, the new methods for growing and funding the Waqf and the causes that led to the emergence of these new methods.



Secondly, the traditional models for managing the Waqf, some of the new models proposed for this purpose and also the role that government must play to improve its administration for the Waqf management.

Thirdly, survey the Waqf properties in the heritage zone in Georgetown - Penang to find out the issues and provide some general and specific remedies on the possible recommendations and management guidelines that could be used to overcome the issues.

## **1.5 Significance of the Study**

This research is an attempt to provide better understanding on the land Waqf system in Penang- Malaysia. When completed it is hope to achieve the following significance:

- I. Improve the understanding of developing the Waqf properties and the related Islamic issues..
- II. The new innovative models of using and commercialization of the Waqf Land and the reasons for the emergence of these models.
- III. Highlight the traditional methods to manage the endowment and some innovative methods.
- IV. The expose the site context and issues of Waqf properties in the conservation zone in Georgetown –Penang.

Apart from that, the study will also provide some general ideas on the possible recommendations and management guidelines that could be used by the administrations of the Waqf properties.

## **1.6 Approaches and Research Methodology**

The approaches to this study are contained in five stages. First stage is to identify the problems and the issues that are related to the subject matter from books, journal publications and others. Then, determine and design and study framework by determining the problem statement, objectives of the study, Scope and Significance of the Study.

Literature review will be conducted about the relevant topics and references to the Islamic Waqf as the second stage. The theories will provide the basic understanding of the subject matter as they explain the concepts, the beginning, the definition, the types, detailed goals and the purposes of Islamic Waqf. Moreover, the condition of Waqf in Malaysia will be discussed. Finally, the ability of converting a direct Waqf to a direct and investment Waqf will be introduced. Studying those theories will help in the next stages to determine the key elements of ideal Waqf properties.

On the third stage, the location plan and significant historical context will be explained in order to give room for further understanding on the study. Later on this stage, data will be collected and analyzed to determine the current issues of the Waqf properties in the heritage zone in the area.

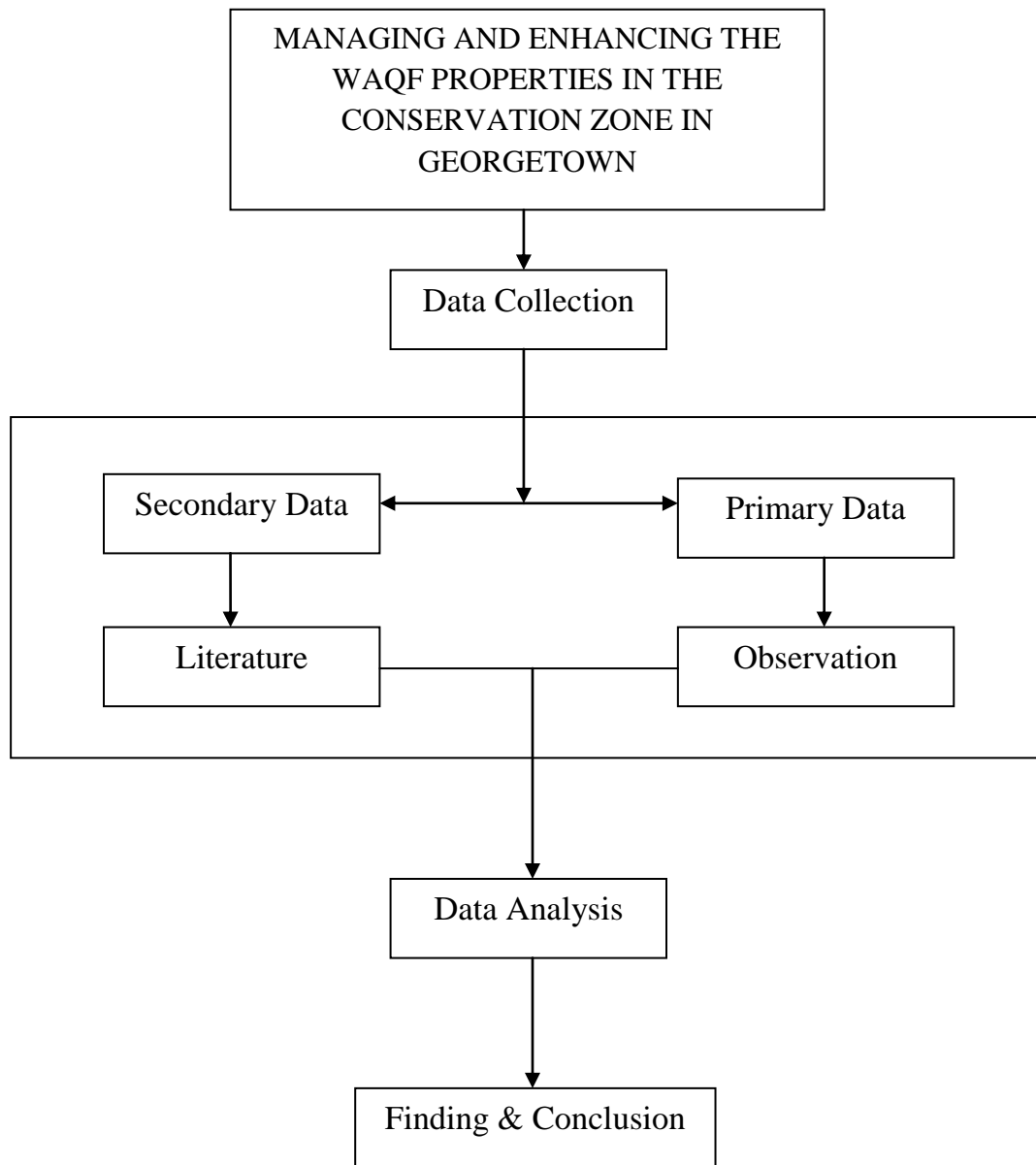
After determining the issues, the fourth stage will start by providing general solutions to develop and support the Waqf property. Furthermore, the study will also show new methods in the financial markets which work with the Islamic law (Sharia) and can be applied for the developing and enhancing of the Waqf properties. Besides that, new methods and few successful ways of management will be given.

Finally, a general conclusion and new applicable solutions for the Waqf property in the heritage zone in Georgetown will be presented.

To achieve those in this research, there will be two main areas to cover which are the theoretical and the analysis part. The theoretical part is more on gathering information and the analysis part is more on analyzing the collected information. In order to investigate these two areas and to achieve the objectives of this research, two types of data collection methods are required. These methods are primary data collection and secondary data collection.

Primary data collection consists of the data collection from direct observations and survey on the site and sets of interviews with the responsible authorities and people living in that site. The purpose of this type of data collection is to help us creating a clear picture for the issue. some of the primary data that we are looking for to help in carrying out the study are to determine the Waqf properties in the heritage zone, the use of the Waqf, its income, its outcome, where its income go to and who lives in these properties.

Secondary data collection method focuses on collecting data and information related to the subject through articles, books, newspapers, magazines and internet sources. This type of data will cover more on the history, Islamic Waqf and definition, types, roles, functions and development of the Waqf and many more. This information helps to improve the understanding and the knowledge on the subject that is going to be studied.



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