



UNEARTHING POTENTIAL: A COMPARATIVE STUDY OF WAQF REAL ESTATE DEVELOPMENT AND MANAGEMENT IN TURKEY AND MALAYSIA

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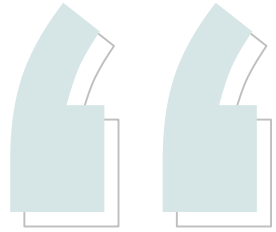
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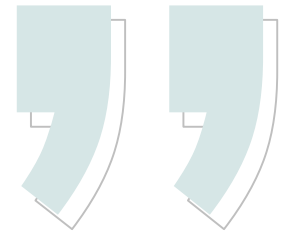
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...the definition of Waqf, perhaps best defined as the the act of appropriating moveable or immoveable properties to a religious, charitable, and social cause for the purpose of gaining God's approval by providing permanent social and public services.



Tuba Akar, "The Role of Waqf in Shaping and Preserving Urban Areas," in *Held in Trust: Waqf in the Islamic World*, ed. Pascale Ghazaleh (Cairo: The American University in Cairo Press, 2011).

OUTLINE OF PRESENTATION

1. Introduction & Objective of Study
2. Comparative Analysis between Turkey and Malaysia
 - i. Historical Context & Administration
 - ii. Modern Management & Development of Waqf Real Estate
 - iii. Financing
 - iv. Challenges
3. Lessons from Turkey
4. Conclusion



INTRODUCTION & OBJECTIVE OF RESEARCH

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BACKGROUND OF STUDY

A 2011 data shows that Malaysia has about **11,091 hectares of waqf land** of which 89.32% are left idle. Based on current market prices, the value of such waqf assets could reach several billions of Ringgit. Main reasons: Lack of funds to develop and maintain the Waqf lands & location.

This research delves into the **effective and sustainable management of Waqf real estate**, focusing on the practices of Turkey and Malaysia. (Identify history, best practices, potential pitfalls, and opportunities)

Due to the success of Turkey in maintaining its Waqf property, the study aims to explore whether the practices adopted by **Turkey** could **serve as a learning curve for Malaysia** in terms of financing and developing its Waqf.



Wakaf Setee Aisah 2: Mixed development on a 2.93ha site with 572 units

METHODOLOGY

Doctrinal approach, relying extensively on library-based research that includes a review of related statutes, journal papers, books, and conference papers relevant to the subject matter.

Comparative legal analysis of the administration of Waqf in both countries.

Supplemented with information obtained from a joint seminar held in April 2023 presented by academics and a representative from The Directorate of Vakif (Istanbul):

- 1- Prof. Dr. Mehmet BULUT
- 2- Assoc. Prof. Cem KORKUT
- 3- Dr. Ozan MARAŞLI
- 4- Mr. Mürsel SARI - General Directorate of Waqfs



Istiklal St.- Vakıf Gökçek Han
(Hotel - Business Center)

COMPARATIVE ANALYSIS BETWEEN TURKEY AND MALAYSIA

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TURKEY

- Turkey's Ottoman Empire had an extensive Waqf system spanning over 6 centuries, and Waqf properties were central to societal functions. Diverse Waqf: Mosques, schools, hospitals, and public baths etc.
- Governance tool to ensure urban and rural development. Waqf properties often funded the empire's significant educational and healthcare needs.
- With the establishment of the Republic of Turkey in 1923 (**Secular State**), many Waqf properties were nationalized.
- Over time, there's been an effort to restore some of these properties, and the General Directorate of Foundations oversees them.

MALAYSIA

- Traced back to the 8th Century
- Mostly Limited to donating land for religious purposes
- Historically, Waqf properties were managed by individuals or families, leading to issues like mismanagement, mistaken inheritance, and deviation from charitable purposes.
- The centralization of Waqf administration occurred around Malaysia's independence, leading to the State Islamic Religious Council (SIRC) taking responsibility as sole trustee.
- SIRC of each state is responsible to manage, oversee, develop and maintain the Waqf properties.

TURKEY

- The approach in Turkey has evolved with an increasing focus on restoring the importance of Waqf and ensuring its alignment with modern needs. [2008 Law of Waqf (no.5737)]
- Via the General Directorate of Foundations, numerous Waqf restoration initiatives have been launched to enhance property value and boost revenues.
- Of the 9000 fused Waqf assets in historical sites, 5781(64.2%) have been renovated based on original structure.
- Within Turkey's urban development strategies (Conservation Plan), formulated since the 1930s, there's a focused effort on preserving the distinctive attributes of areas densely populated with historical landmarks, while retaining their primary functions. -Historical peninsula.

MALAYSIA

- Centralization under the SIRC's has allowed for a broader range of development projects. The transition emphasizes Waqf Am, giving SIRC's the flexibility to go beyond just religious sites to engage in socio-economic projects. The federal government actively supports this; allocate funds and drafting Shariah-compliant regulations for stakeholders.
- The present development initiatives emphasize on revenue-driven projects, particularly commercial properties like business centers and residential developments.

TURKEY

B.O.T



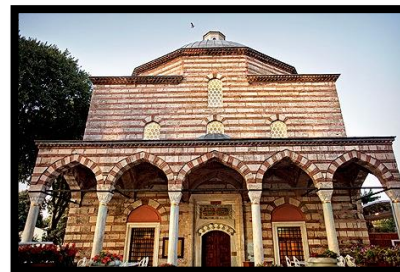
Karaköy (Hotel)
Rental period: 49 Years
2023 Monthly Income: USD 38,564

**Beşiktaş – Nispetiye
(Business Center)**
Rental period: 25 Years
2023 Monthly Income: USD14,314



İstanbul/Başakşehir/İkitelli-2
814 Blocks 2 Parcel

RESTORATION



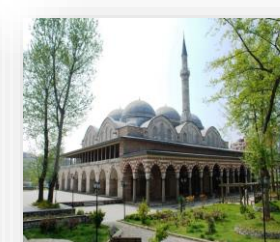
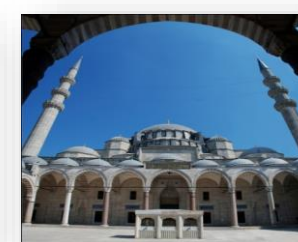
Sultanahmet - Haseki Hürrem Sultan Bathhouse

Rental period: 15 Years
2022 Monthly Income: USD 25,850



Eminönü – Yeni Han

Rental period: 22 Years
2023 Monthly Income: 10.353 USD



MALAYSIA



Idle Waqf Properties



Hotel Sri Warisan Perlis



6 Bazar Units
Masjid Kariah Rasah Jaya, Seremban



Wakaf Setee Aisah (Commercial)



Wakaf Muhammad Hashim



Al-Mashoor Maahad



Pineapple plantation on a previously idle Waqf land

TURKEY

- Historically, the Waqf system in Turkey was self-sustaining, with diverse income sources. Modern efforts have been made to develop Waqf properties commercially, combining tradition with contemporary needs. Collaborations with the private sector and novel financing models are also explored.
- Comprehensive Waqf arrangement through Waqf deed which ensures sustainability.
- Methods used by DGF for development of waqf properties: 1) Flat for land basis 2) Renting in return for renovation 3) Build-Operate and Transfer
- Financing and collaborations with private entities are not necessarily Shariah compliant.

MALAYSIA

- Traditional Waqf properties in Malaysia faced challenges in generating revenue. Centralized administration has explored commercial potentials like housing accommodations and commercial centres.
- Innovative financial models, such as BOT, B.LS, JV partnership and the Waqf-Shares Scheme, are employed to optimize the use of Waqf properties.
- Financing must adhere to Shariah principles, and private entities keen on developing and managing Waqf properties are also required to align with Islamic tenets.

TURKEY

- The challenges in Turkey revolve around balancing the historical significance of Waqf properties with modern development needs. Efforts are directed towards revitalizing Waqf's socio-economic contributions while ensuring they remain compliant with Shariah principles.

MALAYSIA

- Malaysia grapples with limited funds, making optimal development and maintenance challenging. The intrinsic Waqf principles complicate conventional financing methods. A lot rests on trustees and administrators to make Waqf lands profitable while maintaining their core principle of perpetuity.



LESSONS FROM TURKEY

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LESSONS FROM TURKEY

1

Diversified Income Sources: Historically, Turkey's Waqf system was anchored by various income sources, ensuring a self-sustaining financial model. By exploring Turkey's **traditional financing mechanisms**, Malaysia could unearth alternative, Shariah-compliant revenue streams that would fortify the economic stability of Waqf properties.

2

Collaboration with the Private Sector: Turkey's approach of collaborating with the private sector for Waqf property development could be emulated in Malaysia. **Public-private partnerships**, can accelerate development, harness external expertise, and secure financial backing while respecting Waqf principles.

3

Sustainable Waqf Creation: Emphasizing the development of **Waqf assets that inherently generate income** can ensure financial sustainability. By focusing on such assets, akin to some strategies in Turkey, Malaysia can assure a self-replenishing financial model, reducing the reliance on external funding and ensuring the Waqf serves the community continually.

4

Comprehensive Waqf Deeds: Drawing inspiration from Turkey, Malaysia could focus on drafting detailed **Waqf deeds** that clearly specify the **long-term maintenance, repair, and enhancement strategies**. These comprehensive deeds would guarantee the Waqf's purpose and structural integrity are upheld over generations, preserving both its religious and societal value.

1

Holistic Development Strategy: Malaysian policy makers need to envision a more holistic development strategy for Waqf properties. This involves considering not just the immediate needs, but the long-term sustainability of these assets. Must develop properties that cater to both societal needs and have potential revenue streams.

2

Private Sector Engagement with Safeguards: While engaging the private sector can be fruitful in terms of financial input and expertise, policy makers must put stringent guidelines in place to ensure Shariah compliance.

3

Sustainable Waqf Creation: For Waqf administrators, Turkey's history highlights the need for evolving legal frameworks. Modern Waqf deeds should be comprehensive, addressing not just the establishment but also the maintenance and operational guidelines of the Waqf property.

4

Capacity Building: The engagement with the private sector implies that Waqf administrators should be equipped with the skills to negotiate, manage, and oversee such collaborations. This includes understanding commercial viability and contractual obligations.

CONCLUSION

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CONCLUSION

- Waqf real estate practices in Turkey and Malaysia highlight diverse strategies across different cultural and political contexts.
- Turkey's focus remains on the meticulous preservation of Waqf assets as well as maximising profitability despite its secular transition.
- Malaysia, with its centralized approach, aims to harness the potential of dormant Waqf lands.
- A balanced approach, merging Malaysia's development initiatives with Turkey's preservation insights, promises sustainable and thriving Waqf real estate for future generations.