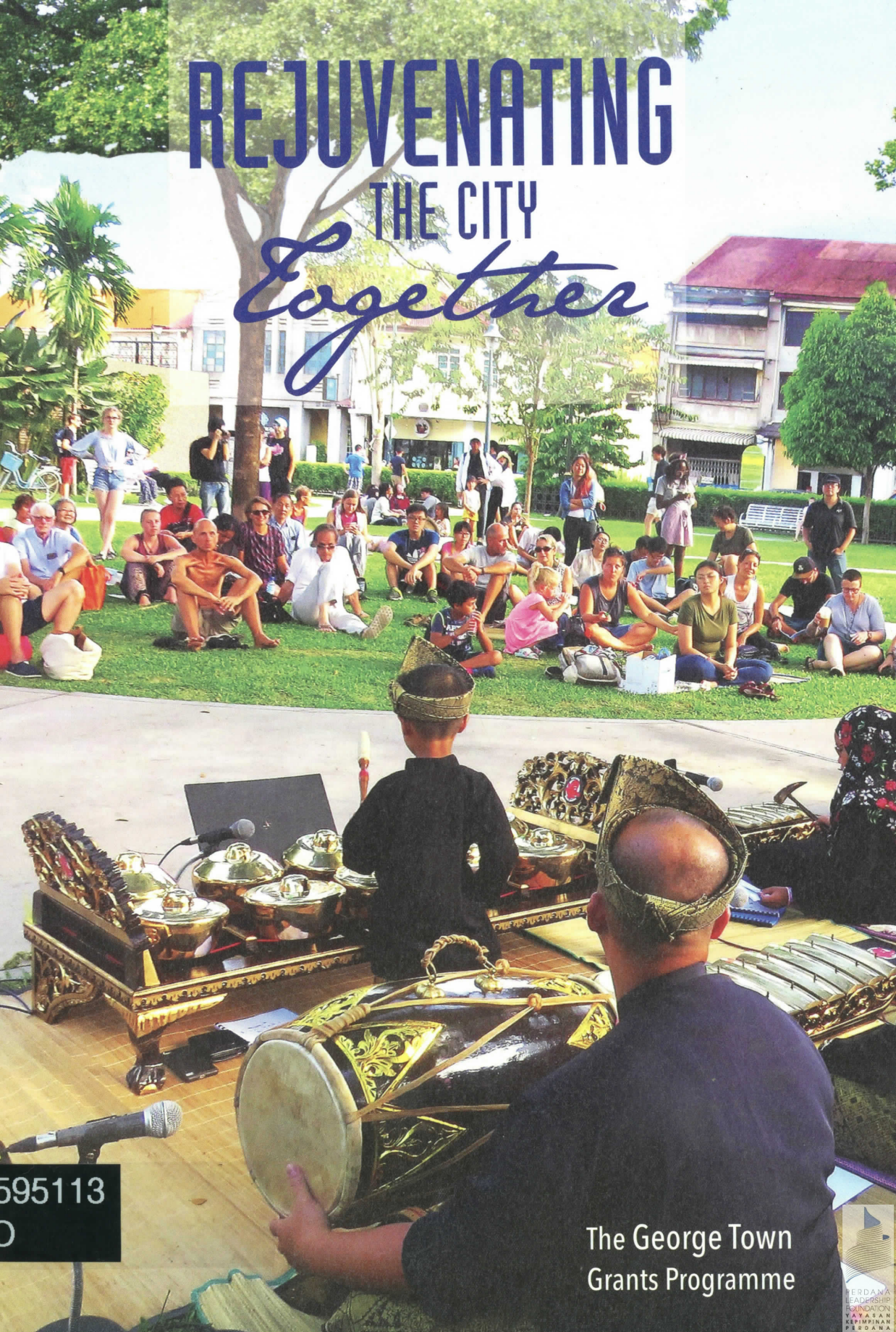


# REJUVENATING THE CITY *Together*



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The George Town  
Grants Programme



Rejuvenating The City Together  
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The George Town  
Grants Programme

PUSTAKA PERDANA



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After renovation, the Ren I Tang boutique hotel transforms the Little India streetscape



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# FOREWORD



## YBhg Tan Sri Dato' Azman Hj Mokhtar

MANAGING DIRECTOR  
OF KHAZANAH NASIONAL BERHAD

**G**EORGE Town has always been an open and dynamic society, a microcosm of Penang and, by extension, Malaysia. The George Town Grants Programme is part of a wider effort by Khazanah Nasional to catalyse the urban regeneration of one of Malaysia's oldest port cities.

It is in line with Khazanah's broader task of developing strategies for the future growth of the Northern Corridor comprising the states of Perak, Penang, Kedah and Perlis. In 2008, the combined economic footprint of these northern corridor states was roughly 20% of the national gross development value of the country. This is an important region where industrialisation took root some 47 years ago.

Working in close collaboration with the World Bank and local subject experts, including civil society leaders, Khazanah completed a landmark report aptly named *Cities, People and the Economy: A Study in Positioning Penang*.

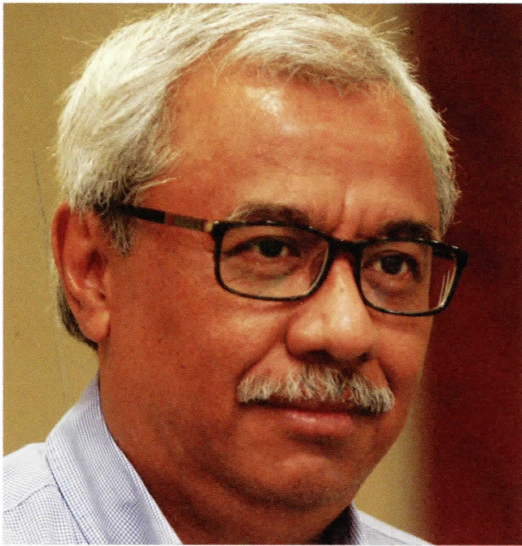
The central argument of the study is that there has to be closer alignment between urban planning and economic specialisation to future-proof and catalyse a more socially equitable pattern of development. More specifically, people and communities need to be empowered to ensure that they have a greater sense of ownership over the development programmes and projects happening around them.

Now, some nine years later, Think City has expanded beyond the northern region, with offices in Kuala Lumpur and Johor Bahru. Lessons learnt from the George Town Grants Programme provided the team with a picture of how a bottom-up and community-centric approach could work. This has proven to be very attractive to the many city managers, community leaders and individuals interested in regenerating their own cities.

This book, which is based on Think City's pilot phase as a public grants manager in the George Town UNESCO World Heritage Site, shows how a small dedicated team can ignite passionate responses from fellow citizens keen on helping to regenerate our cities together. We hope it will add to our common pool of knowledge and experience for common benefit, Insya Allah.



# PREFACE



Credit: The Edge

## Dr Nungsari Ahmad Radhi

FORMER EXECUTIVE DIRECTOR  
KHAZANAH RESEARCH &  
INVESTMENT STRATEGY (KRIS)  
KHAZANAH NASIONAL BERHAD

### Of people, passion and places The George Town Grants Programme

IN June 2017, when Khazanah Nasional first set up its Northern Corridor office, one of its first initiatives was the George Town Transformation Programme (GTTP). The GTTP was a series of studies and engagements that eventually defined how Khazanah positioned itself. Its primary role was that of a 'developmental' investor not driven purely by financial returns. This meant being a convener, using its social capital and resources to align commercial and non-commercial interests to develop the region. To avoid confusion about overlapping mandates, it was important to clarify roles as the northern region already had an area authority.

The city of George Town is at the heart of the Northern Corridor urban conurbation. The Bayan Lepas-Sungai Patani-Kulim industrial zone, anchors the economy here. It is also interlinked with the greater Indonesia-Malaysia-Thailand Growth Triangle and further out, by the emerging China-India growth story.

But in 1969, the city of George Town lost its economic *raison d'être* when its free port status was revoked. Until then, the city had been defined for two centuries as being part of an imperial port network with key activities involving trading, banking, insurance, storage and logistics, and a burgeoning services sector arising from the congregation of people and goods. These economic activities came to define George Town, resulting in a cosmopolitanism of social life and unique physical spaces in the city – the outcome of the proximity of otherwise disparate communities.

While the island was already populated by small Malay fishing villages along the eastern and southern coasts, it came to be defined by migrations from India and China. It also attracted small groups of individuals and communities with specialised roles. These included the Armenian Sarkies Brothers who built the E&O Hotel in 1885, a thriving Jewish community, Ismailis, and Malayalees – a heady mix of peoples and cultures.

The loss of its free port status deflated the economic and social life of George Town. The decline was a gradual process. However, George Town also had the most number of buildings under rent control, which made the city affordable. The net effect was the preservation of the inner city George Town, which became a UNESCO World Heritage Site in July 2008.

Whilst George Town, the city, languished in benign neglect, Penang developed its new FDI-driven manufacturing destiny in the Bayan Lepas Free Trade Zone. Foreign capital was in search of cheap labour in the right location – one that is supported by good logistics and services. Land was reclaimed, foreign capital and technology poured in, and the new townships of Bayan Baru and Seberang Jaya were developed. This industrial development also spilt into the mainland, into Kedah along the Sungai Patani-Butterworth-Kulim industrial corridor.

Forty years after FDI-driven manufacturing development, the Penang model – the Lim Chong Eu model – became a national model for industrialisation. But low value-added manufacturing had few linkages to the domestic economy and needed to move up the value ladder, going beyond merely more capital and a supply of labour.

It was clear that the Greater George Town industrial conurbation needed human capital to move further up the value chain. The hypothesis was that places that are able to attract talent will be places that will move upward towards knowledge-based enterprises. And talent, a mobile global commodity, goes where the quality of life is high.

For this reason, the GTTP that Khazanah developed stipulated that one of the key assets for the next stage of industrial development in the Northern Corridor is George Town, the city itself. It has the history, the charm and the cosmopolitanism that is unrivalled. If properly conserved, the city can be transformed into a sticky space for talent thus making the regeneration of George Town important.

The George Town Grants Programme (GTGP) was a specific initiative under the broader GTTP programme. Khazanah formed Think City to implement the GTGP, adopting an open and participative bottom-up approach.

The design and implementation of the GTGP leveraged the George Town community. Small community-based institutions – the civil society – became the many pillars of the GTGP. Involving grassroots organisations is always a noisy proposition but it remains the key ingredient for successful implementation of in-situ programmes.

Today, one can see that the George Town World Heritage Site and the buffer zone around it have undergone tremendous transformation. Those involved in that journey, like me, would like to think the GTTP has something to do with the change.

If the measure of success is the amount of private spending this public grant can attract, the GTGP has been a great success. It is so successful that one of our fears at the start of the programme – gentrification – is a serious threat that needs to be managed.

Passion can be stifling and irrational but nothing meaningful is ever achieved without a good dose of passion. Both the GTTP and the GTGP were the dreams and products of passion.

No one embodies that passion more than the team at Khazanah Koridor Utara and at Think City. Two quintessential Penangites, Anwar Fazal and Laurence Loh, agreed to sit on the board of Think City during its tumultuous birth and saw through the implementation of the GTGP, all the time providing maturity and leadership in thought and action.

Hamdan Majeed, as usual, straddles many places at once – he is the Executive Director of Think City and also heads the Khazanah Koridor Utara office. Hamdan typifies the island mentality of synchronised separateness and openness; a global worldview pivoted around Penang! Another colleague, Suryani Senja Alias of Kuala Lumpur, brings to the team the same passion and energy about historical authenticity and value. The author of this book, Neil Khor, is another side of the Penang personality – the fiercely independent and scholarly side. A great team!

I have enjoyed the privilege of being a part of this George Town story at its inception, and witnessed the beauty that comes out from this interaction of passion and place in defining the interaction of people and spaces. I take particular pride in the fact that not much public money was needed to make a big difference. On top of everything else, the GTGP demonstrated that when government intervention is primarily publicly-driven, more good things happen at much less cost to public coffers.

Think City also developed a grants management manual for future reference. Today, the Think City model is being replicated in Butterworth, Kuala Lumpur and Johor Bahru. The Think City team itself has grown with the expansion of the mandate. This expansion is, in my view, an attempt at developing the central thesis of the George Town experiment – that all places are unique with their own stories and histories. More importantly, the attempt at defining the relationships between peoples and spaces has to be a local exercise.

The bottom-up approach that Think City adopted democratised the process of ideation, widening participation in the projects it funded. It was the people's project. The community owned the projects, so they have every incentive to support them and make them successful.

Policy interventions and programmes that respect local knowledge and are tailored towards local conditions make the most difference – a kind of indigeneity that results in positive endogeneity! This is what the GTGP has demonstrated, and this publication, I hope, will be a record of that wonderful journey.



# Melaka and George Town, Historic Cities of the Straits of Malacca



Melaka and George Town, historic cities of the Straits of Malacca, have developed over 500 years of trading and cultural exchanges between East and West in the Straits of Malacca. The influences of Asia and Europe have endowed the towns with a specific multicultural heritage that is both tangible and intangible. With its government buildings, churches, squares and fortifications, Melaka demonstrates the early stages of this history originating in the 15<sup>th</sup> century Malay sultanate and the Portuguese and Dutch periods beginning in the early 16<sup>th</sup> century. Featuring residential and commercial buildings, George Town represents the British era from the end of the 18<sup>th</sup> century. The two towns constitute a unique architectural and cultural townscape without parallel anywhere in East and Southeast Asia.

Source: <http://whc.unesco.org/en/list/1223>



### A Note on Names

'Melaka' is the Malaysian spelling of the name of the city and the state. On May 3, 2017, the state government announced that the anglicised spelling of Malacca will be discontinued. So, throughout this book, the spelling 'Melaka' will be used. The official title of the UNESCO World Heritage Site is 'Melaka and George Town, historic cities of the Straits of Malacca'. In line with this, the spelling 'Malacca' will be retained when referring to the straits.

'Lebuh' and 'Jalan' are both Malay words for 'street' and are used for street names (such as Lebuh Queen and Jalan Masjid Kapitan Keling) throughout this book, except in quotations from people who themselves chose to use the English word 'street'. The Malay word 'Lorong' means 'lane' (as in Lorong Soo Hong).

## *Quick Take*

**F**OR the first time in human history, there are more people living in cities than in all other places combined. While urbanisation has spawned innovation and efficiencies, it has also created social and environmental issues. Malaysia is no exception and its cities are facing the same challenges confronting other fast-growing economies.

In an era of hyper-mobile talent and capital, city managers must ensure that the urban environment is not only liveable but unique. They must strike the right balance between the needs of the local community, the environment and the homogenising forces of globalisation.

Once known as the Pearl of the Orient, Penang Island at the turn of the 20<sup>th</sup> century exemplified these challenges, struggling with urban sprawl, increased regional competition, loss of talent and a hollowed-out city core.

The once-bustling port city of George Town, on the Straits of Malacca, had long lost its shimmer.

When George Town, along with Melaka, received UNESCO heritage site status in 2008, Think City was established to help the city retrieve its relevance while respecting its heritage.

Think City launched the George Town Grants Programme as a laboratory experiment to catalyse urban regeneration, conserve heritage values, enhance liveability and create an economy based on culture.

## Chapter 1

# THE AGE OF CITIES:

## Penang In The Global Context

### The Challenge of Urbanisation

Cities are engines of growth. They account for 80% of global GDP and more than half of the world's population. Rapid urbanisation is expected to continue, with an additional 2.5 billion people to be added to city populations by 2050, the majority in medium-sized cities in Asia and Africa (*United Nations, 2014*).

There are, however, major challenges associated with rapid urbanisation – traffic congestion, air pollution, environmental degradation, waste disposal problems, crime and inequity. Municipal councils struggle to keep up with the infrastructure and service needs of its citizens.



UNESCO described Melaka and George Town as “the most complete, surviving historic city centres on the Straits of Malacca with a multicultural living originating from the trade routes from Great Britain and Europe through the Middle East, the Indian subcontinent and the Malay Archipelago to China.” In 2008, it granted the two towns a joint heritage listing as Historic Cities of the Straits of Malacca, saying they have “a unique architectural and cultural townscape without parallel anywhere in East and Southeast Asia”.

Malaysia did not take this honour lightly. To preserve this heritage, Parliament allocated funds and channelled it through Khazanah, the national sovereign fund. Khazanah established a special purpose vehicle called Think City and George Town was chosen as a laboratory experiment to see if a sustainable regeneration initiative could be kick-started through a grants programme.

In four years, the George Town Grants Programme has disbursed RM16.3 million to almost 240 projects involving local communities, government agencies, and local and international experts. The challenges, successes and shortcomings of this four-year journey, led by a passionate and dedicated team are laid out in this book even as transformations continue to unfold.

Most of all, the greatest gain has been the depth of heritage know-how that is now being shared with other cities in Malaysia. In time, it is hoped that this knowledge can also be used to help transform other historic cities in the world.

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