

# Annual Report 2015



Number of workshops : **9** (7 in-country + 2 overseas)

Number of North Korean participants: : **458**

Average share of female participants : **50%**  
across all workshops

Participants who say they will share with : **100%**  
colleagues what they have learned

Participants who plan to stay in touch : **88%**  
with peers they met at a CE workshop

Overseas participants who expressed : **100%**  
they were better able to understand  
the concerns of international business  
people

## Executive Letter

The year 2015 started on a challenging and demoralizing note: DPR Korea imposed a 21-day quarantine on all visitors to the country, amounting to a near travel ban. Despite the uncertainty, we continued planning for programs. As soon as the ban was lifted in March, we organized a session on startups in Singapore, and visited Pyongyang for a business workshop.

Throughout the year, we tested three new program formats: A consultation with the management team for Unjong Park, the Special Economic Zone located in the suburbs of Pyongyang, helped them pivot their strategy to focus on incubation and startups. We also arranged internships for DPR Koreans at an incubator in Singapore, and completed the first three-month “Mini-MBA” training for selected participants from Pyongyang.

More than 450 DPR Koreans attended our workshops this year, bringing the total through our six year history to more than 1,300 participants. Two participants we placed at Nanyang Technological University successfully graduated with a Masters in Business Administration. We also saw the introduction

of new land use laws in the DPRK, an issue our programs in Vietnam and Singapore addressed last year.

In 2016, we look forward to supporting the development of a business incubator in the DPRK, and improvements in the entrepreneurial ecosystem. We are also experimenting with ways to ensure more Korean participants are able to turn their entrepreneurial ideas into business reality.

Thank you for your support!

Chairman  
Choson Exchange



**“I think women are better in business than men!”**

*- Female participant in her 40s*

## Program Updates: Women in Business

Facts & Figures:

**187+ participants**

in 2015 WIB workshops

**227+ women**

across all programs in 2015

**68% female participation**

on average in 2015 WIB workshops

The Women in Business (WIB) program continues to be one of our most important efforts to support entrepreneurship in North Korea. In our WIB workshops last year, we trained more than 127 female participants in startup methods, marketing, project management, financial planning, communication, and other business-related topics. In total, more than 187 North Koreans participated in these programs, with an average female participation of about 68 percent.

During the workshop sessions, participants learned how to recognize business opportunities in the domestic market, develop competitive retail concepts, and push for innovation in the service industry. Our workshop leaders also spoke about the value of professional networks among female peers, and how to take a business idea all the way to a successful product. Other sessions focused on becoming a better manager, creating the right incentives for employees, and being smart about how to communicate with superiors, business partners, and investors. On a visit with a focus on entrepreneurship and SEZ policy, three CE volunteers traveled to Pyongyang and Pyongsong in June to talk about successful strategies for Special Economic Zones,

and the opportunities for microfinancing small- and medium-size enterprises in the DPRK. Microfinancing is of particular importance for female entrepreneurs who are looking to fund a business. About 60 Koreans attended the training.

Feedback from participants was overwhelmingly positive: “I’m very thankful, this workshop was very inspiring”, said a female participant in her 40s after the workshop in November. Another woman in her 20s, who started her own restaurant in Pyongyang, added: “I only have 7 employees but I have the same challenges like our teacher. She has 80 employees. I think that’s amazing.”



**“I only have 7 employees but I have the same challenges like our teacher. She has 80 employees. I think that’s amazing.”**

*- Female participant in her 20s who started her own restaurant in Pyongyang*

## Program Updates: Young Entrepreneurs Network

Facts & Figures:

**200+ North Koreans**

trained in YEN program

**27 participants**

studied in Singapore

**3 business proposals**

developed overseas for DPR Korea

The Young Entrepreneurs Network (YEN) started the year with an overseas crash course on tech entrepreneurship in Singapore. For two weeks, twelve North Koreans worked with a group of experienced professionals to learn about Singapore’s efforts to promote business and innovation.

In March, four CE volunteers traveled to Pyongyang for a workshop series on management and bank lending, speaking to a crowd of 74 North Koreans at financial institutions, universities, economic research institutes, and trading companies about financial policy and investment strategies.

Only a month later, we returned to the DPRK with four workshop leaders who spoke about business model creation, product management, and how to pitch to international investors. The room was packed: More than 100 participants from across a wide range of industries came to attend the three-day event.

Even better than learning about business in Pyongyang is to experience examples of remarkable economic growth in Asia first-hand. In 2015, we selected eleven North Koreans for a tailored three-month “Mini MBA” crash course in Singapore. With a focus on entrepreneurship and startups, participants also took classes on finance, accounting, marketing, and

management. These lectures were complemented by talks from various working professionals, as well as site visits to startup incubators and firms in Singapore and Kuala Lumpur, Malaysia. At the end of the program, participants said they intended to apply what they have learned in forms of policy papers, sharing sessions, running businesses, and managing the special economic zones.

Four out of the eleven participants also interned at a Singaporean incubator and accelerator while working on their “Mini MBA”. They observed how startups develop, interacted with the local business community, and watched demo day events.

In addition to the “Mini MBA” and the internships, Choson Exchange has placed two North Korean businessmen at Nanyang Technological University’s (NTU) Executive MBA Program in Singapore. Starting from July for a period of twelve months, these students have been attending a range of courses on finance, accounting, management, and marketing, which cover the best of eastern and western business practices. With private and public sector classmates from all over Asia, the students have not only been learning more about business, but have been building relationships with other business leaders of the region.



**“The new SEZs, better technology, and the increasing number of graduate students in the DPRK could all be good opportunities for new businesses”**

*- Female participant*

## Program Updates: Provincial Development Program

Facts & Figures:

### 63 North Koreans

learned about SEZ management & urban development

We believe that one of the keys to higher economic growth in the DPRK lies in its Special Economic Zones, particularly those in Rason, Wonsan, and Pyongsong.

To support the Koreans who are trying to make these SEZs a success, we brought two management and banking experts to Rason in May to discuss investment strategies and public-private partnerships for economic development. The two-day workshop was cut short by one day when the Korean participants were mobilized to assist farmers with rice planting in the fields. Though frustrating for Choson Exchange and our volunteers, the incident prompted a fruitful discussion with local partners on how to avoid such pitfalls in the future.

Business and entrepreneurship cannot thrive in the DPRK without access to real estate and sufficient infrastructure. In August, a group of professionals and students from the Architecture Association met with North Korean peers in Pyongyang to learn about property development, construction, and urban planning. The group worked on a feasibility proposal for a commercial site slated for regeneration in Pyongyang. The proposal included new working

and leisure spaces that could be adjusted according to the functional requirements of the residents.



**“I will organize a workshop like the mini-MBA in my institution. I will explain the new concepts that I learned in the workshop in Singapore to my colleagues.”**

*- Participant of a CE overseas program*

## Program Improvements

### Mini MBA Curriculum

After experimenting with longer and shorter overseas programs, we put together a comprehensive curriculum for our 3-month “Mini-MBA” program in Singapore. The curriculum covers daily classes on marketing, finance, entrepreneurship, budgeting, startup methods, and more. Classes are complemented by visits to successful businesses, universities, and other institutions in Singapore, as well as one-on-one consultations with Choson Exchange staff on specific questions.

### Business Glossary

To address requests from North Korean participants for more in-depth explanations of important terms commonly used in our workshops, we worked with partners to create a Korean-language business glossary. The glossary is being handed out to participants at the beginning of every workshop to help them better understand concepts that are new to the DPRK. The CE Business Glossary will occasionally be updated to incorporate new terms that participants often ask about.

### Business Cards

Over the past couple years, we have continued to identify big and small hurdles faced by North Koreans who are trying to connect with like-minded peers and pursue their business ideas. One of the problems was a lack of access to personal business cards, which can easily be exchanged to facilitate professional networking. In response, we have created a CE-branded blank business card which participants are encouraged to fill with their personal contact information at the beginning of every workshop series, and exchange them with other participants. While providing an easy way to remain in touch, the cards also help these Koreans to advertise their successful participation in a CE workshop - an achievement that seems to help our participants score professional opportunities that may otherwise not be available to them.



**“We are a state-owned company, but our CEO makes his own decisions to grow our business”**

*- Male participant in the retail sector*

## Key Achievements

### Startup Incubator

In addition to our usual workshop format, which aims for exposure of a maximum audience to business-related topics during a one-week period, we have started to host consulting sessions with experienced professionals for small groups of DPRK stakeholders, with a focus on advancing important domestic projects. One of these projects has been the creation of an economic zone in the vicinity of Unjong Park, an SEZ in the northern suburbs of Pyongyang, which we consider one of the more promising opportunities for economic innovation. Unlike other SEZs, Unjong Park is managed by the State Academy of Sciences (SAOS). We started working with SAOS when its representatives approached us with a question in early 2014: “How do we successfully commercialize our research?”

We followed up with a workshop on entrepreneurship later that year, which sparked strong interest in startups and incubators among Unjong Park’s management team. In early 2015, we brought the team to Singapore to meet the local startup community. During a consultation with CE volunteers in June 2015, a key

recommendation was that Unjong Park should adopt a “lean methodology”: support promising startups to learn about business and improve the environment for entrepreneurs, instead of waiting for a single large investor to develop their economic zone. We then placed a team of researchers from Unjong Park as interns at an incubator in Singapore to provide them with first-hand experiences. We also visited MaGIC in Malaysia, a government agency in charge of startups.

Incubators play a major role in supporting technology startups around the world, and Unjong Park plans to create something similar in the DPRK. The decision to pursue this project reflects a pivot for our Korean partners away from attempts to attract large-scale foreign investments for big prestige projects, towards supporting small groups of innovative individuals who are passionate about pursuing their business ideas as a startup. This will allow them to learn about business and refine their economic policies through small-scale experiments.



**“I really learned a lot about practical problems such as marketing, business idea, business management, finance, accounting and entrepreneurship, particularly business idea and market survey.”**

*- Participant of a CE overseas program*

## Public Outreach

In addition to supporting business-minded people and entrepreneurs in the DPRK, Choson Exchange works to increase the general awareness of opportunities for positive change in the country. Throughout the past year, we have engaged with media and the academic community to share insights on the situation in North Korea.

In total, Choson Exchange has published 11 Op-Eds and provided commentary in more than 54 other stories about North Korea across major media outlets. Our social media reach has grown to more than 1,600 followers on Twitter, 2,660 “likes” on Facebook, and 246 followers on Instagram. We also regularly publish a newsletter with updates on our programs to more than 1,560 subscribers. In addition to emails, posts and tweets, Choson Exchange staff have given more than a dozen talks about our work in Singapore, London, and Shanghai.

In November, the Architectural Association opened the exhibition “State(s) of Exception” in Singapore, showing the results of our joint urban design and architecture workshop in Pyongyang earlier last year. The event, which comprised of a forum and a series of curator talks, attracted more than 200 visitors over a four-day period.



**“The things we’ve learned are useful in dealing with international business issues and cross-border trade and economic relationships.”**

*- Overseas Workshop Participant*

## Research Projects

Choson Exchange staff has contributed analysis and insight to the academic debate about the challenges and opportunities for economic development in the DPRK.

### **North Korea’s Special Economic Zones: Plans vs. Progress**

This research report for 38North asks what changes have taken place in the newer and older SEZs in the last couple years. Certainly, the record is uneven, and political as well as technical challenges remain, but localized efforts are underway to try to make individual zones successful.

### **Tumen Triangle Tribulations: The Unfulfilled Promise of Chinese, Russian and North Korean Cooperation**

This report, published by the U.S.-Korea Institute at SAIS, examines how historical legacies, contemporary relations, and shifting strategic priorities between Russia, China and North Korea have limited the integration of the region through trade and investment.

### **Developments and Prospects in some of DPRK’s Main Economic Development Zones, 2015-2016 (forthcoming)**

This peer-reviewed paper surveys three of the key special economic zones created in the last several years in North Korea – Wonsan, Sinuiju, and Unjong. These, like other economic zones, face significant challenges, including little-to-no track-record to draw on, communications and travel issues, as well as the broader political-economic environment, domestically and internationally. However, unlike many of the smaller SEZs, these three fit into national priority projects, increasing their chances of mobilizing domestic resources and building links with potential foreign investors.



**“I’m very thankful, this workshop was very inspiring”**

*- Female participant in her 40s about a presentation by a female workshop leader*

## Looking Ahead

As Choson Exchange enters the seventh year of supporting business people in the DPRK, we will focus on improving our understanding of what happens after participants have attended one of our workshops, and identify more ways to drive measurable outcomes. Through conversations with local participants and our own analyses, we have identified a few crucial challenges that continue to prevent business-minded individuals from getting their ideas off the ground.

First, we are working to better understand how taxation, accounting requirements, and the process of registering new businesses are evolving. As long as these steps are unpredictable and unclear even to citizens of the DPRK, properly setting up and running a business will remain a challenge. Through consultations and informal meetings with knowledgeable contacts, we will continue to look into how new businesses can be created and operated with minimal risk and maximum chance of success.

Secondly, we know that the lack of access to funding continues to stifle many new business ideas. Looking beyond often-elusive foreign investments, we are working to better understand the challenges with domestic banking that prevent financial institutions from

playing a more supportive role in growing the economy.

Thirdly, to help business-minded individuals navigate the challenges of being an entrepreneur in the DPRK, we will support our partners in their attempts to set up the first North Korean business incubator. Creating a place that brings together ambitious locals, creative policy makers, and experienced foreign experts who are able to mentor the participants of our workshops, will be a major step towards developing a nascent entrepreneurial ecosystem.

Last but not last, we have a particular interest in real estate and infrastructure, a sector that shows increasing activity and can contribute to growth in North Korea. As Pyongyang continues upgrading its urban infrastructure, we believe this sector will be developed more actively.

All of these efforts require the continued generous support of the remarkable individuals and institutions that have helped us make a difference over the past six years. We are thankful for everyone who has been directly or indirectly involved in Choson Exchange last year, and with your help, hope to further grow our impact in 2016 and beyond.

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**With special thanks to all our volunteers,  
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and participants in our programs.**