

Annual Report 2016



2016 Overview

Total number of programs

In 2016 : 9 programs
 Cumulative over the years : 52 programs (in-country & overseas)

Total number of participants

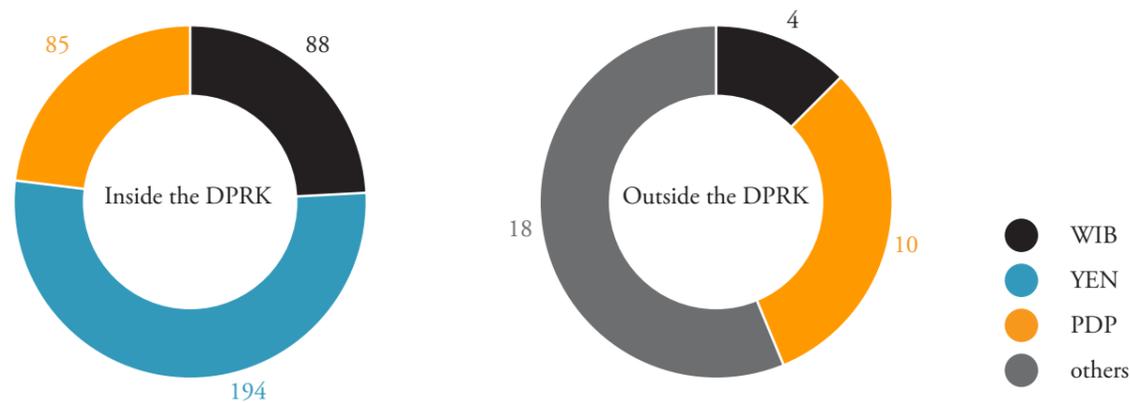
In 2016 : 399 participants
 Cumulative over the years : 1681 participants

Number of participants by gender and program track

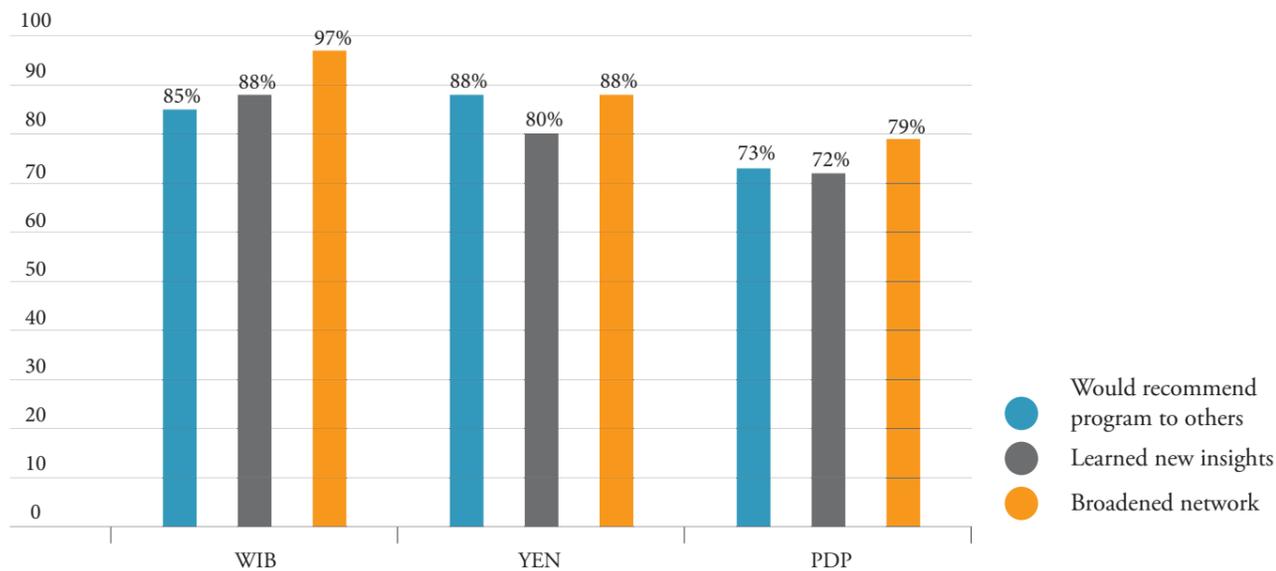
In 2016 : 104+ women across all programs (295 men)
 WIB participants in 2016 (both sex) : 92
 YEN participants in 2016 : 194
 PDP participants in 2016 : 95
 Other programs : 18

Total number of participating organisations : 73+
 Number of business plans developed : 30+ business plans developed
 Number of volunteer workshop leaders : 36 (in-country + overseas)

Program Participants



Program Feedback



Executive Summary

As extreme volatility continues to shape the geopolitical situation on the Korean peninsula, it's a good time to step back and consider how we got there. With nuclear tests, rocket launches, military exercises, sanctions and tough rhetoric, the past year set the stage for the rapid escalation of events unfolding this year. Efforts to completely isolate the DPRK have injected uncertainty into attempts to integrate the country into international society.

Despite the tensions, Choson Exchange has continued to implement trainings and capacity-building programs, bringing the spirit and knowledge of frontier entrepreneurship to DPR Korea. Throughout the year, we conducted six workshops in the country, as well as three overseas programs, directly reaching almost 400 Koreans. We also saw scholars placed in MBA and MPA programs graduate at Nanyang Technological University and the National University of Singapore. Working with a team of Koreans we had trained in Singapore, we helped launch an incubation program and ran a lean startup workshop at Unjong Park, a Special Economic Zone next to the commercial hub of Pyongsong. Prior to our arrival, these frontier entrepreneurs spent ten days working with local mentors we had trained to polish their business ideas. They came up with ideas like a "Facebook for Moms," a stress relief drink (that is not soju), e-commerce platforms, and more.

While the funding and operating environment has become exponentially more challenging, our work remains important. Through Choson Exchange, Koreans receive knowledge and exposure lacking in their country. Maintaining institutional relationships and building our knowledge of the DPRK matters, too. When the country's ties with the international community improve, contacts and mechanisms for cooperation will be important and valuable.

Over the course of last year, Harvard Business School took a close look at Choson Exchange's work — research that cumulated in a case study which second-year MBA students will use to better understand the DPRK's development. The study also reflects our ongoing efforts to develop a comprehensive strategy for building the first generation of startups in DPR Korea. We will continue to implement training programs, explore ideas to provide exposure to startup culture, and work towards piloting new legal structures for frontier entrepreneurs in the country.

Chairman
 Choson Exchange



“In 2016, we crossed a landmark with more than 100 volunteers joining us in the DPRK to support our efforts over the course of six years”

Frontier Entrepreneurship

1600+ participants
trained since the beginning

100+ volunteers
over the course of six years

Choson Exchange supports entrepreneurs at the frontiers of the global economy — those who lack access to the knowledge, exposure, and mentorship available in other ecosystems. Since the beginning of our work in the DPRK, we have trained more than 1,600 women and men eager to become members of their country’s growing business community. They have gone on to share what they have learned with friends and colleagues. Some of them have started businesses, others have introduced new approaches and strategies at their current workplace. Some of them may get a startup off the ground within months, but many of them will spend years trying to put together the pieces necessary to launch a company in the DPRK. Choson Exchange works to help them find opportunities in this extremely challenging and complex environment.

Our Volunteer Workshop Leaders

Without the intrepid workshop leaders who volunteer to lead sessions on business and entrepreneurship, our programs could not be done. In 2016, we crossed a landmark with more than 100 volunteers joining us in the DPRK to support our efforts over the course of six years. We continue to grow this global community, building a diverse network of experienced professionals with first-hand understanding of the DPRK’s economy.



“We pitched our vision, and pushed forward to build the very first Women In Business initiative in the country”

Program Updates Women in Business

92 participants
in WIB 2016

28+ organisations
represented in WIB 2016

85% of female participants
who provided feedback said they would
recommend our programs to their colleagues

88% of female participants
who provided feedback said they learned something
new they can adapt to their work life

97% of female participants
who provided feedback said that keeping in touch
with other workshop participants will be useful for
their work

When we started preparing the first Women In Business program in the DPRK, our idea to focus on female participants seemed strange to local partners. No exchange program of this kind, focusing on this demographic, existed. Asking for significant input on who would attend these events, aiming for a high rate of repeat participants, teaching business content to a majority-female audience—our partners did not think this was a good idea. Nonetheless, we pitched our vision, and pushed forward to build the very first Women In Business initiative in the country. Today, the WIB program is known among business women in Pyongyang and beyond. Colleagues, friends, and friends of friends of Koreans who have attended our first business workshops decided to join and take advantage of the opportunity. We got to witness how news about upcoming Choson Exchange workshops spread via word

of mouth, with many participants joining after hearing about the program from previous attendees. Teaching women how to better connect with female peers, build their own support networks, and join forces to advance their careers in business has become a regular, accepted, anticipated highlight for many Korean business women who we have gotten to know over the past few years. Our audience has grown from a couple dozen to almost 90 people per workshop. Participants have become more business-savvy, and are asking for specific information and skills they need to succeed in this challenging environment. Many of them have shared what they have learned at our workshops with colleagues and friends. They are a force for positive change at the frontiers of entrepreneurship!



“Developing a more interactive workshop format that produces real, usable, solid business ideas”

Program Updates Young Entrepreneurs Network

194 participants
in YEN 2016

27+ organisations
represented in YEN 2016

88% of participants
who provided feedback said they would
recommend our programs to their colleagues

80% of participants
who provided feedback said they learned something
new they can adapt to their work life

88% of participants
who provided feedback said that keeping in touch
with other workshop participants will be useful for
their work

Our YEN program has seen encouraging progress last year, with more than a dozen business ideas put together by local participants in collaboration with foreign volunteers who joined us on trips. We have increased the impact of our YEN programs by developing a more interactive workshop format that produces real, usable, solid business ideas. Choson Exchange programs have also provided a platform for local entrepreneurs to meet like-minded people from other parts of the country. We frequently visited Unjong Park, a technology zone next to the city of Pyongsong, for consultations on developing facilities and regulations to support startups.

To better understand the changing urban landscape in the DPRK, we also collaborated with the Architectural Association to host a workshop focused on architecture and real estate, covering the intersection of entrepreneurship and infrastructure. Led by Choson Exchange colleague and architect Calvin Chua, we shared best practices in infrastructure development from abroad, and gained insights into this sector in the country.

Highlights

1. Alumni of an earlier overseas program organized by Choson Exchange in Singapore returned home to establish DPR Korea's first startup incubator at their institution, spending weeks teaching their colleagues on business topics they had learned about overseas. Thanks to their coaching efforts, participants at our YEN workshops were well-prepared, arriving with draft business model canvases and startup ideas they had discussed among their teams. Choson Exchange volunteers helped take their ideas to the next level with training on lean startup methods, project management, marketing, and advice on business model generation. The result: Seven solid ideas with complete business models and pitches, some of which may continue to be pursued by local entrepreneurs.
2. Cross-regional workshops brought together business women and men from different parts of the country to learn about hospitality and retail business, marketing, sustainable development, and how entrepreneurs can use a business model canvas to develop their ideas. Participants created business plans that were assessed by the audience and workshop leaders.
3. The exposure of local participants to the latest trends in entrepreneurship and technology has sparked interest in launching more online services on the Korean intranet. Ideas developed during Choson Exchange workshops range from a kind of “Facebook for mothers” and online medical services to trading platforms on the intranet.



“Participants were curious and often asked more questions than could be answered in the allotted time”

Program Updates Provincial Development Program

95 participants
in PDP 2016

18+ organisations
represented in PDP 2016

73% of participants
who provided feedback said they would
recommend our programs to their colleagues

72% of participants
who provided feedback said they learned something
new they can adapt to their work life

79% of participants
who provided feedback said that keeping in touch
with other workshop participants will be useful for
their work

Our Provincial Development Program brought together business people and policy makers from different regions of the DPRK to work on ideas for tourism development in the provinces. Choson Exchange volunteers traveled to the coastal city of Wonsan to better understand local challenges and opportunities, before hosting a workshop on provincial development and related topics. “We lack comprehensive information related to the installation of tourist facilities”, a local participant in the construction industry explained. Another participant said the country lacked a regulatory framework for tourism development. “The senior managers in the organization have little knowledge and experience in what we do.”

We also brought a group of DPR Koreans to Singapore and Vietnam to learn about international accounting practices and taxation. Over the course of two weeks, participants from companies, academic institutions, and government agencies attended workshops on international accounting, visited international and state-run accounting firms, and learned from a wide range of guest speakers. Participants were curious and often asked more questions than could be answered in the allotted time. During the few months since participants returned home, one of them contributed significantly to a new book on taxation published in the DPRK.



“We will create a strategy and curriculum on building the entrepreneurial ecosystem”

Public Outreach & Research

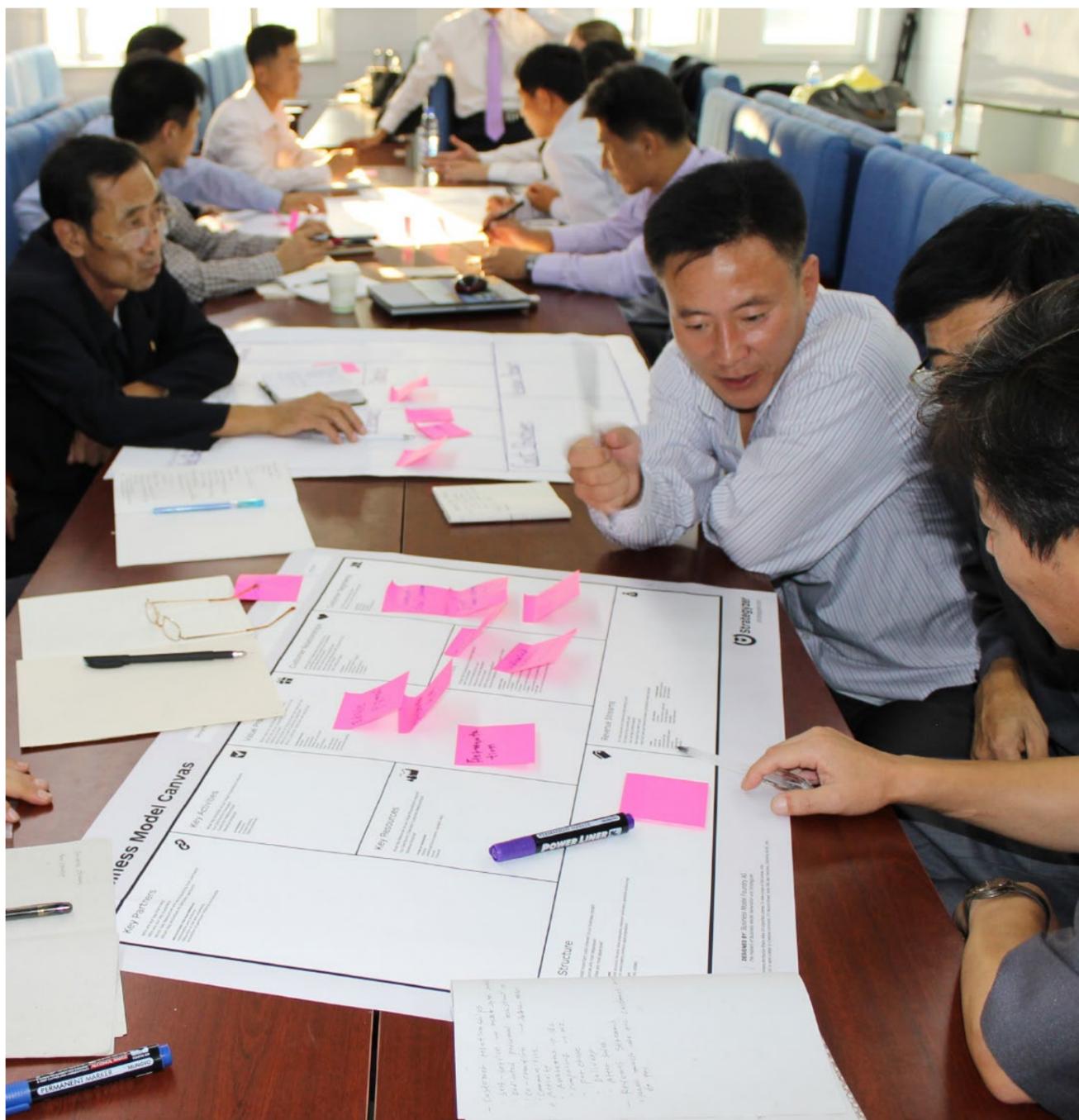
2000+ followers
on Twitter

3500+ “likes”
on Facebook

246 followers
on Instagram

In addition to our education programs, Choson Exchange seeks to inform the public about frontier entrepreneurship in DPR Korea, and develop new strategies to build the first generation of startups in the country. Last year, Choson Exchange was quoted in 54 stories across major media outlets, including 4 times in the New York Times. Our social media reach has grown to more than 2,000 followers on Twitter, 3,500 “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 their work in Hong Kong, Shanghai, Washington

DC and Boston, including major conferences on entrepreneurship such as Summit at Sea. Harvard Business School published the case study “Going Rogue: Choson Exchange in North Korea”, which we launched together with Professor Sophus Reinert as part of a class for second-year Harvard MBA students. This year, we will create a strategy and curriculum on building the entrepreneurial ecosystem that will guide our overall efforts in the DPRK.



“By positioning programs across both countries, we are able to provide learning opportunities and exposure to two economies at different stages of development”

What's next

Program Improvements

With more than 1,000 feedback surveys to draw from over the course of six years, we continuously refine the content we deliver. Last year, we introduced the Business Model Canvas as a standard framework across all our workshops. This enabled us to develop a common language and approach to business and startup idea generation among our participants. It also allowed us to identify entrepreneurial trends and track the development of ideas that can turn into startups.

Additionally, we expanded our overseas programs from Singapore to Vietnam. By positioning programs across both countries, we are able to provide learning opportunities and exposure to two economies at different stages of development. This approach was validated by positive feedback from participants in our joint Singapore-Vietnam workshop on accounting systems.

Looking to the Future

We believe a startup incubator in DPR Korea can act as a focal point for access to mentorship, business networking, and knowledge. We believe such an incubator has the potential to catalyze the entrepreneurial ecosystem in the country. We took first steps toward this idea in 2015, training four Koreans for four months at an incubator in Singapore. Last year, these Koreans joined our volunteers to mentor and coach seven startup teams in developing their ideas. The workshop was well-received, and while building the ecosystem is a slow process, we hope to develop a vibrant and fully-functioning incubator over the course of the coming years, and advance the cause of frontier entrepreneurship. While we expect 2017 and 2018 to be challenging, we aim to continue organizing workshops to provide audiences in the DPRK with the business exposure lacking in their country.

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