



Choson Exchange 2013 Annual Report - Women In Business

Picture: Women in Business program participants engaging in a simulation exercise applying lean production concepts

“Look at my piece! I completed it in 36 seconds!”

- Participant at Lean Production simulation exercise, claiming to finish building a Lego piece ahead of the 52 seconds an experienced hand would take



Prepared by Geoffrey See and Andray Abrahamian

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With special thanks to all our volunteers, workshop leaders, donors, partners, supporters and participants in our programs

2013: War mobilization, a factional purge, and Women in Business

Despite being a turbulent year, 2013 saw a number of firsts for Choson Exchange as we continue to scale up our activities and impact. We launched our “Women in Business” program (WIB), focusing on female managers and entrepreneurs in North Korea. Despite “war mobilization” in March and April, we continued to deliver opportunities for young professionals in Korea. About 260 Koreans took part in our workshops in 2013, with a majority being female participants.

We also started to look at how we can more systemically bring knowledge and exposure to the provinces. In November, we launched our first ever workshop outside Pyongyang. 5 provinces sent representatives to attend this event.

The year ended with drama. The shocking news of Jang Sung Taek’s arrest and execution revived analyst claims of a hardline/moderate conflict. While it is too early to see what impact Jang’s execution may have on the type of programs we run, our partners assure us that programs for 2014 will proceed. During the same period the news broke out, a program was cancelled.

As we look to 2014, we anticipate that the fundraising situation will continue to be difficult: few countries consider North Korea an urgent issue or are able to build consensus on a long-term strategy for integrating North Korean society into the international community. We will continue delivering cost-effective programs to young professionals. We also look to continue our successful pilot in the provinces and develop better ways to institutionalize our relationships with our program alumni.

Yours sincerely,



Geoffrey K. See
Chairman, Board of Directors
On behalf of the Board of Directors & Management Team



*"I'm proud of having worked my way up
in the restaurant business...I've done every job possible
just like the speaker."*

- WIB workshop participant referring to speaker
who quit college, served, cooked and cleaned at a restaurant
before founding a successful restaurant business

2013 Programs in Review

Along with input from CE's board of directors, we developed several strategic and programmatic goals for 2013. All of them revolved around targeting young, professional, pragmatic and talented North Koreans and developing their potential as positive change agents.

Strategy

Scaling our impact

Choson Exchange received significantly more donations in 2013 than in previous years, allowing a strategic shift to focus on network effects and cooperation building. Whereas previous program focus had been on specific policy or skill issues that small groups of participants could address or implement, in 2013 we were able to view all programs and participants with a holistic continuity that was not previously possible. A major component of this has been identifying and supporting individuals who can both cooperate with each other and participate in Choson Exchange programs in the short to medium term. As participant numbers increase, positive network externalities occur, reinforcing the value of the CE brand and the impact of the content provided.

Focus on female participants

Much has been written about females driving market activities at lower echelons of North Korean society, but relatively little analysis has been devoted to females running small but more stable and scalable enterprises. This demographic is impacting the Korean economy, creating a vibrant service sector, retail and distribution networks that both reflect and drive the economic changes taking place in the DPRK. Yet this group is largely frozen out of elite business networks and can find access to both know-how (e.g. through travel and studying abroad) and capital more difficult than males. We decided to target gender equality in business, as this is an issue that has broad buy-in both in the DPRK and elsewhere.

Entry into provinces

In March we began hearing of a special economic zone policy in the works. It went public in May of 2013, as Pyongyang began promoting its SEZ policy, which in its latest iteration envisions at least 14 regional SEZs and several smaller ones. We saw in this policy an opportunity to provincialize our programs. We kicked off our first provincial program with a workshop in Wonsan, focusing on tourism and business development issues for special economic zones.



Picture: A program participant brings us to a tourism zone he is involved with developing

Programs

Chronology

March – Tackling Inflation Policy Workshop **35 participants**

March – Women in Business I: assessing value, lean production, gender issues worldwide **45 participants**

May – Women in Business II (*delayed until August*)

June – Partner capacity building workshop in Singapore (focused on policy sharing) **4 participants**

June – Women in Business Singapore Study Abroad Trip: various topics (experiment for incubator program) **3 participants**

July – Women in Business Singapore Study Abroad Trip: international business norms and approaches **11 participants**

August – Women in Business II: anti-corruption laws, strategy, corporate social responsibility **46 participants**

September – Women in Business III: customer and employee satisfaction, brand images, public relations concepts **42 participants**

November (Pyongyang) – Young Entrepreneurs Network/Provincial Development Program I: urban planning and investment attraction for Tourism Zones **44 participants**

November (Wonsan) – Young Entrepreneurs Network/Provincial Development Program II: urban planning and investment attraction for Tourism Zones **38 participants**

December – Women in Business Singapore Study Abroad Trip (*delayed until 2014*)

Program Highlight: Women in Business

Much analysis has been devoted to the positive role that women play in the markets, both formal and informal, at the lower echelons of society. In larger North Korean enterprises, Choson Exchange's research indicated that females might make up as low as 15% of the total management force.¹ Furthermore, they receive fewer opportunities for business education: particularly limited are their opportunities to travel abroad, especially when compared to their male counterparts. In designing our Women in Business program, we decided that 100% female participation would be overly ambitious, but that goals of 60-70% female participation – particularly for study abroad programs – would be attainable and would achieve positive results.

For in-country programs we targeted 50-60% female participation and for programs abroad, we targeted >70% female participation.

Actual results were as follows:

58% Female Participation for Mar. WIB
54% Female Participation for Aug. WIB
62% Female Participation for Sept. WIB
92% Female Participation for WIB Overseas
1 WIB Study Abroad Program Delayed Until 2014

We conducted extensive interviews and collected personal statements while also engaging in discussions with participants in order to find those most suited to participate in programs abroad. The selectivity ratio for study abroad programs in 2013 was 18%.²

¹ Based on interviews with North Koreans in 2012.

² Including a study program scheduled for December, but delayed until 2014. Selectivity rate for programs that did proceed on time was 27%

Program Kick Off: Young Entrepreneurs Network Program

November saw Choson Exchange begin its Young Entrepreneurs Program, for which we are hoping to involve provincial actors. Reaching not only audiences in the capital, but also non-Pyongyang based business owners is a key goal of this program. We conducted two mirrored workshops in November: one in Pyongyang and one in Wonsan. Topics focused on tourism businesses as well as soft and hard infrastructure development. Our workshop in Wonsan was relatively high profile and it attracted significant attention and (unexpectedly) participation from five different provinces. Feedback was positive.

During programs, we will be encouraging participants to develop creative, actionable business plans. The very best candidates will participate in study trips to Singapore, mentorship programs, and end with the possibility of incubation.



**Picture: A coffeeshop...one of the many
emerging enterprises in North Korea**

2013 by the numbers

These are some numbers that capture the scale, breadth and network effects of our programs in North Korea.

Participants in all programs

267

Institutions represented
in programs

62

Participants in overseas programs

18

Provinces represented
in programs

7

18% Selectivity for overseas programs

Participant age for overseas program
32 (average)/ 28.5 (median)



2013 in pictures

(Clockwise - eating hawker fare in Singapore; out in Wonsan for programs; role-playing at a workshop; kicking off a workshop)



Quotes from 2013

Some quotes were funny, some inspiring, and some remind us of the immense gulf of understanding between participants and us

“Wha...you can get google maps in my country?”

Participant referring to the foreigner-only 3G service
(Participant had been abroad before)

*“I want to go into the property business,
but the time isn’t right yet.”*

Participant

*“Oh, but we already
have McDonald’s”*

Participant responding to a thought experiment about why McDonald’s
wouldn’t want to be in North Korea, referring to a burger shop in Pyongyang.
It isn’t a McDonald’s.

*“This panel discussion
format is really good...
I want to learn how
to run them myself”*

Interpreter who helped us facilitate
a panel discussion

*“How many kilowatts of electricity per guest
do we need to provide?”*

Participant from the provinces asks about developing tourism

Program satisfaction & impact

Programs are still in their early stages, are small in scale and have dedicated funding that expires in March 2014. As such, our expectations for impact are modest. Immediate impact is measured through a survey tracking learning outcomes. We asked participants to rate on a scale of 1 to 10 (where 10 is “strongly agree”) their responses to some questions post-workshop. 8 to 10 are considered positive responses. Results are as follows:

I would recommend this program to a colleague at my department	88% positive
I learned new concepts	70% positive
I learned something new I can adapt to my working life	70% positive
Meeting the other participants will help me in my business	64% positive
I will share this knowledge with my colleagues	98% answered “yes” or “probably”

While the responses are overwhelmingly positive, we want to see more long-term outcomes. One such outcome is for participants to set up businesses. While we have a few entrepreneurial individuals who have made that leap, many more of them have ideas they are interested in pursuing but are as yet unable to do so. Our surveys indicate that lack of apparent access to capital is a key restraint on program participants’ ability to pursue entrepreneurship, and we are exploring projects meant to reduce this barrier.

New program formats introduced by workshop leaders this year included role-playing and panel discussion (*see picture below*).



Overall strategy in 2014

For 2014, our main focus is to strengthen and maintain relationships with our program alumni, especially those who have been to Singapore. By institutionalizing alumni relationships, we aim to help them continue to develop their careers by offering follow-up support, as well as help them expand their professional networks.

This will alter our value proposition to selected program participants. We will extend a long-term commitment to the professional development of the young professionals and entrepreneurs who take part in our overseas program. As they progress in their careers, we intend to provide more learning opportunities customized to their individual needs, refer relevant counterparts for their work, and advise and assist them in startups.

Implementing the strategy

Space remains critical to people-to-people interaction. We are in the intermediate stages of exploring the establishment of an alumni center in Pyongyang to promote interactions among our alumni and support them in their endeavors. We will also be developing more long-term programs that we can match to appropriate alumni.

Programs in 2014

The Young Entrepreneurs Network

Our focus for 2014 will remain mostly on entrepreneurship and business, with a program meant to focus on the business sector called the Young Entrepreneurs Network. This program is meant to create a forum for business managers and entrepreneurs to be exposed to business ideas and network with each other. We expect to hold occasional policy workshops.

Women in Business

We are still seeking contributions to continue this program. Our dedicated funding to the program expires in 2014. As such, we will maintain this program but with a lower frequency of workshops until further funding support can be found.

Provincial Program

We will also be building on our 2013 efforts piloting workshops in the provinces. We expect to hold another workshop on economic policy and business in Wonsan or Hamhung, and to bring a delegation comprised of representatives from the various provinces to Singapore. Over time, and depending on sponsors' interest, we hope to expand this program.

Developing & Sharing Insights

Choson Exchange staff members were cited 33 times (unique articles) in publications and news outlets in 2013, providing insight and expertise on North Korean issues. However, we deemed the major news story of the year, Jang Song Taek's ouster, too sensitive for Choson Exchange to join the debate. This led to CE rejecting journalist inquiries and live TV interviews.

Choson Exchange staff, overwhelmed with the significant increase in our in-country programs, authored fewer reports and analytical articles than in previous years. Our work was cited in publications such as The Economist, Forbes, AP, AFP, CNN as well as the three largest newspapers in South Korea (The Chosun Ilbo, JoongAng Ilbo and The Dong-a Ilbo). We also began entertaining interviews from the Chinese press, and were featured in Portrait Magazine.

Choson Exchange staff managed to write a handful of analyses. Some highlights:

- Andray argued in The Diplomat that Bank of China's closure of key North Korean accounts was more symbolic than punitive.
<http://thediplomat.com/2013/05/china-closes-pyongyang-bank-account/>
- In 38 North, Andray argued that North Korea's "focus on sports is neither incidental nor insignificant..." He saw sports as an attempt to rally nationalism, and as being integrated into urban renewal initiatives meant to provide a semblance of superficial prosperity. <http://38north.org/2013/09/aabrahamian091813/>
- Geoffrey conducted a TED talk at TED's high-profile talent-search event, TED@NYC. Geoffrey's talk was a summation of what drives Choson Exchange: encouraging entrepreneurship in a new generation of North Koreans.



We also took an analyst from The Economist with us to conduct a workshop on managing inflation. After the trip, he wrote: “I travelled to Pyongyang with them to hold discussions on economics with members of the finance ministry and central bank. From beginning to end, my contacts with those I dealt with left me surprised. Occasionally, I was deeply impressed.”

Faced with active debate and a multitude of questions, he also couldn’t help but point out their need for a key resource: “More than once, I told them that if only they had access to the internet, they could find out the answer to such questions themselves.” Read his post-trip article here:

<http://www.economist.com/blogs/banyan/2013/06/big-mac-index-goes-north-korea>



Picture: Using the Big Mac Index to illustrate concept of purchasing power parity

In addition to public sharing, we also held a series of private presentations for relevant audiences to build a better understanding of North Korea’s economy.

In 2014, Choson Exchange hopes to engage discourse on North Korea more actively by writing for both private and public audiences.

Management

In late 2012, Choson Exchange received sufficient funding to support a full-time team. From January 2013 the positions of Managing Director and Executive Director became full time.

Our team is comprised of full-time staff and a group of 10 active volunteers who are essential to our work.

Managing Director | Geoffrey See
M.A. Yale University, B.Sc. University of Pennsylvania, Wharton School

Executive Director | Andray Abrahamian
M.A. University of Sussex, B.A. Walla Walla University

Regional Representative | Ryan Russell
J.D. Columbia Law School, B.A. Brigham Young University

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B.A. Singapore Management University

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Kim Il Sung University

DPRK Partner | Hwang
Pyongyang University of Foreign Studies

DPRK Partner | Kim
Pyongyang University of Foreign Studies

Board Members | John Y. Kim, Seunghye Nah, Namuh Rhee, Geoffrey See

We would like to thank our advisors, supporters, workshop leaders, Korean translators and the following volunteers who helped us with various initiatives in 2013: Bing Han, Shawn Zhu, James Liu, and Grace Chung.

Finances, Auditing & Legal

Choson Exchange is incorporated in the Republic of Singapore as a non-profit under the name “Choson Exchange SG Limited” (No. 201116860R). It is governed by the Companies Act (Cap.50) and is officially a Public Company Limited by Guarantee. There is also a legally separate and distinct 501(c)(3) status-pending non-profit registered in the State of New York as “Choson Exchange, Inc.” which partners with us in our programs.

Choson Exchange SG Limited’s financial statements are audited by Tan Chan & Partners in Singapore (<http://www.tanchan-cpa.com/>). We also retain Esquire Law Corporation for our legal and secretarial needs.

The support of donors and foundations is critical for us in scaling-up programs in this challenging environment. We encourage donors interested in sponsoring our work to reach out to us at CEteam@chosonexchange.org.

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