

# Post-Economics & Finance Training Report

*Pyongyang, September 2010*



## Report Highlights

**Need and demand for skills upgrading** | Lecturers agreed that there is a strong need for training as participants' financial knowledge and skills, with a few exceptions, are shallow. This is also reinforced by our survey findings. More importantly, participants expressed strong interest in further training programs, which is not always the case in North Korea.

**Managing Knowledge-Based Economies & FDI of key interest** | Based on discussions with participants, knowledge-based economies and the management of FDI inflows are of great interest to our audience.

**Newly-formed economic institution non-operational as yet** | An institution meant to play a key role in economic development and was formed in recent years have not yet become operational.

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### **Choson Exchange's Information & Confidentiality Principle**

In order to promote vigorous discussion for learning, Choson Exchange strives to maintain the privacy of participant's responses and questions. We do not name participants and do not provide highly-specific details of discussions.

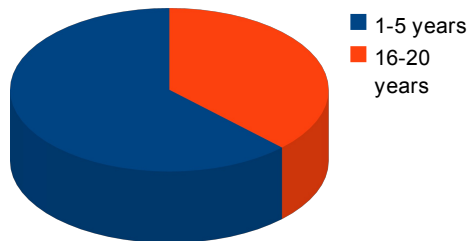
This report is meant to be a brief primer summarizing discussions at a broad level in order to increase public understanding of North Korea's business and economic environment. North Korea is a highly opaque system (with DPRK participants themselves often at odds with what financial or economic policies are in place) - as such, we caution readers from taking this report as a conclusive evaluation. We attempt as far as possible to report what we hear rather than provide commentary or analysis.

## Participants' Background

Participants came from a variety of background including professors from Kim Il Sung University's Finance College, the State Development Bank, Koryo Bank and Daesong Bank. There were a total of 12 participants. Lectures were recorded for rebroadcast on the DPRK intranet.

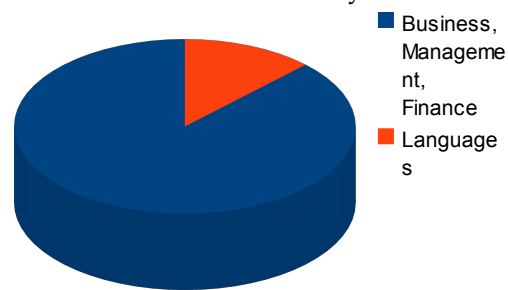
### Wide Variance in Work History

How long have you been affiliated with this organization?

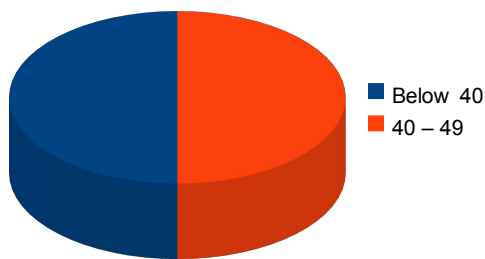


### Educational Background

What is your major or field of study?



Mix of young and old in audience



### Sector Affiliation



## Human Capital Development in Financial Sector Starts at Low Base

Technocratic capacity is low in this sector because of the limited training and global exposure to financial knowledge. Lecturers remarked that discussions with participants indicate that participants ranged from those utterly fresh to the sector to those with a very strong expertise in their respective functions. However, even those well-equipped to do their jobs would occasionally reveal a lack of understanding of fundamental

financial topics.

North Koreans have limited experience with international financial markets or other financial sector tools. We asked a battery of questions to understand to what extent North Korean participants have done the following -

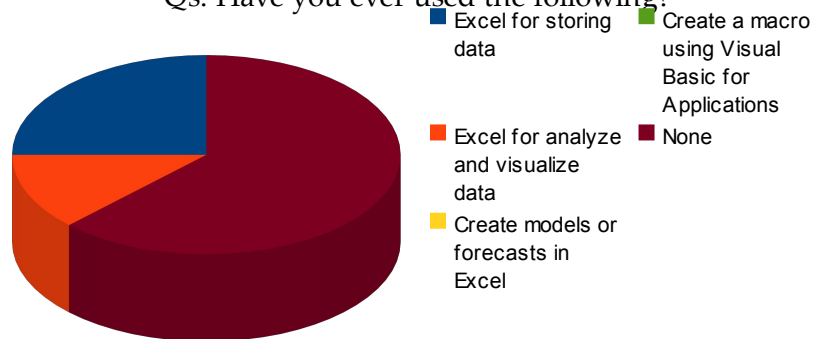
1. Borrowed money from a bank
2. Issued or bought bonds
3. Traded equities
4. Traded derivatives
5. Traded commodities
6. Traded currencies
7. Traded-over the counter
8. Traded on an exchange

75 percent of participants have not done one of the above. Another 25 percent have done 1 to 3 of the above activities.

We also found that key analytical tools are lacking, and access to training programs is still highly limited. 37.5 percent of our participants use excel for their work. However, excel is used at a most basic level and most surprisingly, there is no significant difference between the ability of younger or older participants to use excel . Only 25 percent of our participants have attended training programs conducted by other organizations:

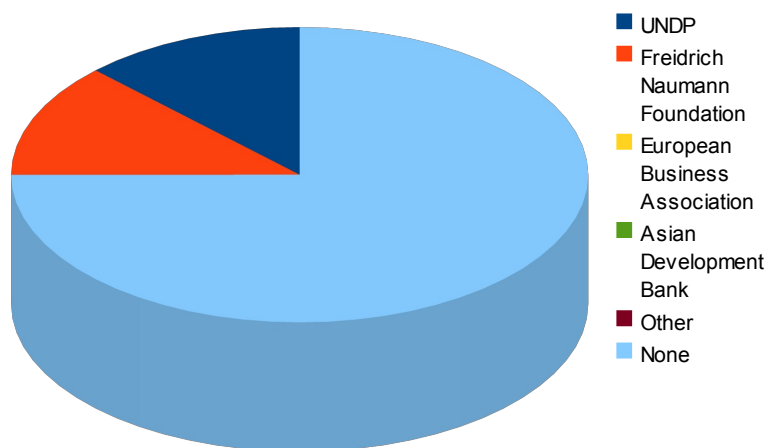
## Skillsets are Lacking

Qs: Have you ever used the following?



## Training is Limited

Qs: Have you attended training programs by...



## Further Training Desired

According to lecturers, some participants expressed strong interest in learning more about knowledge-based economic development and how other countries' use Foreign Direct Investment to develop certain industries. Other participants expressed a desire for more general training, especially those who have been at their respective institutions for less than 10 years.

In our surveys, participants expressed interests in the following topics for future

sessions:

1. Exchange Rates
2. Options & Derivatives
3. Public Finance
4. Monetary Policy/Central Banking
5. Corporate Finance/Accounting

### **Format**

Lectures were conducted at Kim Il Sung University's e-library over September 13 and September 14. We held an informal session on the 13th to get to know the participants and their institutions, mapped out their learning needs, and introduced OpenCourseWare and Wikibooks. On the 14th, we conducted lectures and breakout sessions.

Lectures were recorded and we were told this would be rebroadcasted through the intranet to other audiences. Our other hosts denied that it was being recorded. There were cameras directed at audiences too. During workshop sessions, four participants were assigned to each lecture to discuss issues in detail.

### **Costs**

This lecture and workshop sessions were organized through an intermediary organization in North Korea with the ability to bring foreigners in. In the future, we hope to work directly with partner institutions that are training beneficiaries in order to reduce our costs of operation and increase efficiency. Direct costs for this program are listed below:

<b>Item</b>	<b>Costs (US\$)</b>
Return Transportation from Beijing to Pyongyang (4 lecturers)	\$1,600.00

Accommodation, Guides, Interpretation & Transport ( 4 days for lectures for 4 lecturers)	\$1,056.00
Supplementary Reading Materials	\$260.00
Exhibition at Pyongyang International Science & Technology Fair	Absorbed by North Koreans
<b>Total</b>	<b>\$2,916.00</b>

### **Future Direction**

Choson Exchange will work with specific financial institutions to develop their organizational capacity and build up human capital to facilitate economic development and knowledge-based decision making. We have raised the need to move to a cost-sharing model with our participants and believe that this will be possible.