

The government adopted some bold economic measures to raise employment opportunities in 2018/19, with the approval of two landmark projects, namely Comprehensive Employment and Support for Development of Sustainable Employment in Rural and Nomadic Communities Utilizing the Financial Resources of the NDFI. As a result, a total of 463.9 thousand people were employed.

In 2018/19, due to a slightly higher rise in the number of economically active people as compared to the increase in the employed population, the unemployment rate experienced a slight rise of 0.1 percentage point and reached 12.0 percent.

Population and Human Resource

Iran's total population rose by 1.3 percent compared with the year before, to reach 82.1 million in 2018/19. Urban population grew by 1.7 percent to 61.3 million while rural population decreased by almost 0.2 percent

to 20.8 million. Totally, 74.7 percent of the population were residing in urban areas in this year, up by 0.3 percentage point. Gender ratio (the number of males per 100 females) reached 102.4 in 2018/19. Meanwhile, total number of households was 25.2 million, showing 2.0 percent increase compared with 2017/18. Of total households, 19.1 million were residing in urban and 6.1 million in rural areas, up by 2.6 and 0.3 percent compared with the year before.

Based on statistics released by National Organization for Civil Registration, total number of births recorded in 2018/19 was 1,366.5 thousand, down by 8.2 percent compared with 2017/18. Considering 377.2 thousand registered deaths, 989.3 thousand people were added to total population (excluding immigration figures). The death rate by gender (male to female death ratio) equaled 127.7 people, indicating an increase compared with 126.9 in the year before. Total number of registered deaths increased by about 0.1 percent in 2018/19.

Table 8.1. Vital Statistics

(thousand persons)

	2016/17	2017/18	2018/19	Percentage change	
				2017/18	2018/19
Registered births	1,528.1	1,487.9	1,366.5	-2.6	-8.2
Registered deaths	369.8	376.7	377.2	1.9	0.1

Source: National Organization for Civil Registration.

Chapter 8 LABOR MARKET DEVELOPMENTS AND HUMAN RESOURCE

Labor Market

Like any other market in the economy, labor market is composed of supply and demand sides. The economically active population and participation rate make up the supply side of the labor market while the number of employment opportunities created in different economic sectors constitutes the demand side. The unemployed population and the unemployment rate figures are resulted from the equilibrium between supply and demand. The supply side of the labor market is affected by the demographic structure, especially the population of 10 years old and over as well as the economic factors. On the demand side, the labor market is influenced by the economic condition. Thus, decisions taken by the labor force (as the supplier) and the economic firms (as the market demand agents) affect the labor market developments. Significant factors on the supply side include the decision to enter the labor market, participation in skills training courses, job-seeking procedures, and wage levels. Demand by economic firms is mainly affected by the type of activity, wage levels, contract types, and working hours. On top of this, sociocultural developments also have their impact on the labor market trends.

The labor market situation of the country in 2018/19, notwithstanding the gloom of international sanctions emanating from the US pulling out of the JCPOA and the concomitant dark clouds of uncertainty hovering over investment and production, was favorable, as attested by more participation in the labor market as well as the increase in the number of the employed population.

Labor Supply

Labor supply is affected by general demographic developments, particularly in

the population of 10 years old and over. This population group experienced a rise of 1.2 percent compared with 2017/18, to reach 66.9 million in 2018/19.

The economically active population rose by 2.1 percent to 27.1 million, 21.7 million of whom were men and the remaining were women. The economically active population of men and women increased by 1.7 and 3.7 percent, respectively. Moreover, the economically active population consisted of 20.1 million urban and 7.0 million rural dwellers in 2018/19.

Participation rate reached 40.5 percent in 2018/19, up by 0.4 percentage point compared with 2017/18. Higher increase in the economically active population (2.1 percent) compared with the 1.2 percent rise in the population of 10 years old and over led to an increase in participation rate. This variable reached respectively 39.8 and 42.6 percent in urban and rural areas, up by 0.2 and 0.8 percentage points, respectively. Participation rate for both men and women rose 0.4 percentage point to reach 64.8 percent for men and 16.1 percent for women.

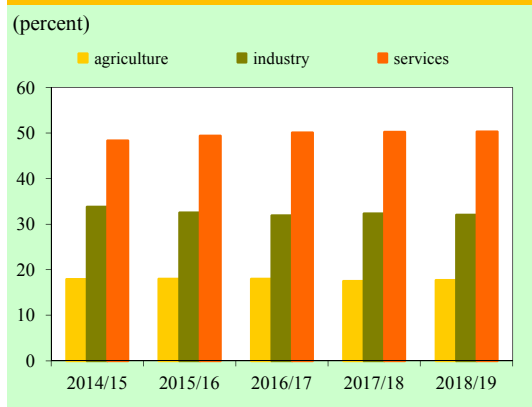
Labor Demand

Comparing employment across various economic sectors showed that about 23.8 million people were active in the industry, agriculture, and services sectors in 2018/19. This indicated a rise in the number of available jobs by about 463.9 thousand (2.0 percent) compared with 2017/18, with 246.9, 135.8 and 83.0 thousand¹ job opportunities created in the services, agriculture, and industry sectors, respectively.

¹ The discrepancy between the sum total of jobs created in the services, agriculture, and industry sectors (465.7 thousand) and the rise in jobs generated in the whole economy (463.9 thousand) is due to the jobs created in unspecified fields.

Services sector had the highest share in employment by 50.3 percent, followed by industry and agriculture sectors by 32.0 and 17.7 percent, respectively. Accordingly, the share of the agriculture sector in employment rose by 0.2 and that of services increased by 0.1 percentage point while the share of the industry sector declined by 0.3 percentage point compared with 2017/18.

Figure 8.1. Share of employment by various economic sectors



Reviewing data on new employment opportunities based on gender indicates that of total 463.9 thousand job opportunities created in 2018/19, about 271.7 thousand were for men and 192.2 thousand belonged to women. Given the remarkable increase in employment opportunities for women over the past four years, the share of employed women in the total employed population increased from 14.5 percent in 2014/15 to 18.2 percent in 2018/19.

Unemployment

The unemployed population rose by 3.0 percent in 2018/19 to 3.3 million people. The unemployment rate increased by 0.1 percentage point in 2018/19 and reached 12.0 percent, with the unemployment rate for women falling by 0.7 percentage point to

18.9 percent while that of men increasing by 0.3 percentage point to 10.4 percent. Unemployment rate in urban areas was 13.5 percent, up by 0.2 percentage point while the rate in rural areas was 7.9 percent, down by the same 0.2 percentage point. Continued drought in recent years, which led to the migration of rural job seekers to cities, has been an important factor behind the higher unemployment rate in urban areas.

New Loans for Employment Generation

The Central Bank gives instructions for allocation of loans and facilities out of banks' Gharz-al-hasaneh resources to self-employed households and home-based businesses annually. In 2018/19, a sum of Rls. 17,404 billion worth of facilities was allocated to the beneficiaries of State Welfare Organization and Imam Khomeini Relief Foundation for employment generation and Rls. 6,390 billion was extended to home-based businesses. Comparing the Rls. 17,404 billion with the quota determined by the Central Bank (Rls. 20 trillion) indicates that 87.0 percent of the amount approved for employment generation was realized. Comparing the Rls. 6,390 billion with the amount approved to be allocated to home-based businesses (Rls. 8 trillion) indicates a realization rate of 79.9 percent. These percentages were higher than the respective figures in 2017/18 (68.6 and 35.0), mainly attributable to a decrease by Rls. 10 trillion in the quotas approved to be allocated to employment generation in the year before.

According to the Ministry of Cooperatives, Labor, and Social Welfare, Rls. 17.6 trillion was allocated by the agent bank to the Comprehensive Employment Project (as per the Executive Bylaw on Paragraphs (A) and (B), Note 18, Budget Law for 2017/18 and Paragraph (A), Note 18, Budget Law for 2018/19) by February 2019.

Chapter 8 LABOR MARKET DEVELOPMENTS AND HUMAN RESOURCE

Meanwhile, Rls. 61.9 trillion was allocated to the Employment in Rural and Nomadic Areas Project (in accordance with the disbursement of the rial equivalent of \$1,500 million out of the financial resources of the NDFI, to be leveraged with banks' resources on facilities allocated to non-public natural and legal persons residing in villages and towns with a population of less than 10 thousand, with the priority to be given to border and nomadic areas, in accordance with the Executive Bylaw on Support for Development of Sustainable Employment in Rural and Nomadic Communities). It is projected that a total of 33.8 thousand and 194.2 thousand new jobs be generated out of the allocation of these resources to the abovementioned projects, respectively.

Unemployment Insurance Fund

The number of pensioners benefiting from the Unemployment Insurance Fund rose 11.8 percent to 239.2 thousand in 2018/19 which, considering the number of the unemployed at 3,260.8 thousand, is very low. In this year, 251.4 thousand were added to the pensioners of the Fund. Thus, the number of people enjoying unemployment benefits in 2018/19 reached 465.3 thousand¹.

Table 8.2. Performance of Unemployment Insurance Fund (person)

	2017/18	2018/19	Percentage change
Beneficiaries	213,840	239,175	11.8
New beneficiaries	235,291	251,425	6.9
Ceased benefits	217,796	214,748	-1.4

Source: Social Security Organization (SSO).

Table 8.3. Population and Labor Market Developments

(thousand persons)

	2016/17	2017/18▲	2018/19	Percentage change ¹	
				2017/18	2018/19
Population of 10 years old and over	65,385	66,106	66,875	1.1	1.2
Economically active	25,791	26,514	27,074	2.8	2.1
Employed	22,588	23,349	23,813	3.4	2.0
Unemployed	3,203	3,165	3,261	-1.2	3.0
Participation rate (percent)	39.4	40.1	40.5	0.7	0.4
Unemployment rate (percent)	12.4	11.9	12.0	-0.5	0.1
Urban areas	13.7	13.3	13.5	-0.4	0.2
Rural areas	8.9	8.1	7.9	-0.8	-0.2
Men	10.5	10.1	10.4	-0.4	0.3
Women	20.7	19.6	18.9	-1.1	-0.7
Youth (15-24 years old)	29.2	28.2	27.7	-1.0	-0.5
Urban areas	32.3	31.6	31.5	-0.7	-0.1
Rural areas	22.5	20.5	18.9	-2.0	-1.6
Youth (15-29 years old)	25.9	25.1	25.1	-0.8	0.0
Urban areas	28.1	27.5	28.2	-0.6	0.7
Rural areas	19.9	18.3	16.8	-1.6	-1.5

Source: Statistical Center of Iran (SCI).

¹Changes in participation rate and unemployment rate are in percentage points.

¹ The discrepancy is due to the fact that the number of beneficiaries in each year comprises total benefits started in that year plus beneficiaries remaining from the previous year-end.

The unemployment benefits for 214.7 thousand beneficiaries were cut in 2018/19, mainly attributable to the termination of the eligibility period, accounting for 62.8 percent of benefit cuts. Other reasons included finding a new job with a share of 29.0 percent, followed by factors like retirement, disability, decease, or absence from vocational-technical classes by 8.2 percent. According to Labor Law, the term of unemployment benefit payment ranges from a minimum of 6 months to a maximum of 50 months as of the first day of getting unemployed. The value of unemployment benefits paid to each beneficiary in each month increased by 5.2 percent compared with 2017/18 to reach Rls. 2,691.6 thousand.

Wages and Salaries

A minimum wage policy is usually adopted by governments to promote social justice in the economy and to protect the low-skilled labor force. The Iranian government sets the minimum wage for workers and the salary index for civil servants annually. According to Article 41 of Labor Law approved in 1990, the Supreme Labor Council is the body in charge of setting the minimum

wage for workers. In 2018/19, the nominal minimum wage (covering one whole month) was determined at Rls. 11.1 million, showing 19.5 percent increase compared with the year before. Based on the approvals by the Cabinet, the salary index for civil servants was set at 1,797 points in 2018/19 as compared with 1,695 points in 2017/18. This is indicative of 6.0 percent growth which, given the 31.2 percent inflation rate of 2018/19, shows a sharp decline in wages and salaries in real terms.

Education

The total number of school age students¹ reached 15.4 million in the academic year 2018/19, up by 5.3 percent compared with 2017/18. The number of students in primary schools, 1st period of middle schools, and the 2nd period (including vocational-technical schools and skills training centers) rose by 2.4, 3.7 and 18.9 percent, respectively, compared with 2017/18. About 42.6 percent of male and 26.2 percent of female middle school students (2nd period) attended vocational-technical schools and skills training centers, indicating the higher tendency of boys to enter the labor market.

Table 8.4. Ceased Benefits and Reasons

		Total ceased benefits	Termination of the eligibility period	Finding a new job	Other
2017/18	Person	217,796	149,408	52,924	15,464
	Share (percent)	100.0	68.6	24.3	7.1
2018/19	Person	214,748	134,810	62,329	17,609
	Share (percent)	100.0	62.8	29.0	8.2

Source: Social Security Organization (SSO).

¹ Includes students of preschools, primary schools, 1st period of middle schools (junior high schools), 2nd period of middle schools (high schools, vocational-technical schools, and skills training centers), as well as adult students.

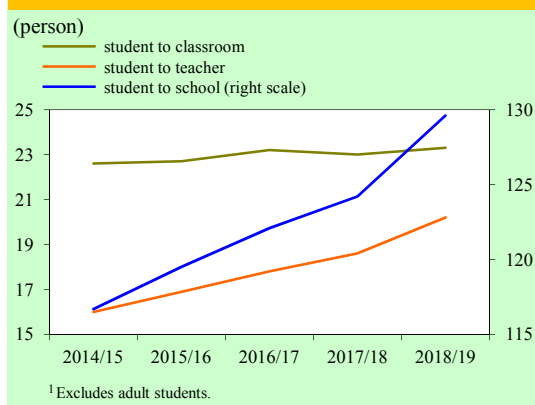
Chapter 8 LABOR MARKET DEVELOPMENTS AND HUMAN RESOURCE

The number of students in private schools increased by 11.3 percent in the academic year 2018/19. The continued increase in the number of students at private schools indicates that families are more interested in the services provided by private schools. As a result, the share of students at private schools in the total number of students (excluding preschools and adult students) increased from 12.2 percent in the academic year 2017/18 to 12.9 percent in 2018/19. The share of private school students in total students indicated an increase in primary schools and the 1st period of middle school as against a decline in that of the 2nd period.

The number of schools and classrooms rose 1.3 and 4.3 percent to 115.9 thousand and 643.4 thousand, respectively while the number of teachers decreased by 2.7 percent to 744.1 thousand. The student-school ratio (excluding adult students) rose from 124.2 in 2017/18 to 129.6 in the academic year 2018/19. The student-teacher ratio (excluding adult students) grew by 1.6 points to 20.2 persons, mainly due to the fall in the number of teachers but a rise in that of the students. The student-teacher ratio was 26.7 for primary schools (including kindergartens) and 17.2 and 12.4 in the 1st and 2nd periods of middle schools, respectively. The student-

classroom ratio (excluding adult students) increased by about 0.3 point to 23.3 persons.

Figure 8.2. Education quality indicators in Iran¹



Higher Education

In the academic year 2018/19, the number of students at public and private universities fell by 6.7 percent to 3,373.4 thousand. The number of students in all academic fields excluding education science declined. The field of engineering, manufacturing, and construction experienced the highest decrease in the number of students by 13.2 percent, followed by agriculture, forestry, fisheries, and veterinary by 8.6 percent.

Table 8.5. Number of University Students

(thousand persons)

	Academic year		Percentage change		Share (percent)	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Public universities¹	2,289.1	2,173.6	-9.6	-5.0	63.3	64.4
Women	1,124.0	1,080.6	-9.4	-3.9	31.1	32.0
Men	1,165.1	1,093.0	-9.9	-6.2	32.2	32.4
Islamic Azad University	1,327.0	1,199.7	-13.9	-9.6	36.7	35.6
Women	561.1	523.9	-11.1	-6.6	15.5	15.5
Men	765.8	675.9	-15.8	-11.7	21.2	20.0
Total	3,616.1	3,373.4	-11.2	-6.7	100.0	100.0

Source: Ministry of Science, Research and Technology and Islamic Azad University.

¹ Includes students at universities affiliated to the Ministry of Science, Research, and Technology, Payame Noor University, University of Applied Science and Technology, Farhangian University, Technical and Vocational University, private and nonprofit universities, as well as universities affiliated to the Ministry of Health and Medical Education and other executive organizations.