

A review on the developments of the labor market of the country in 2019/20 indicates that against the backdrop of a very slight rise in the economically active population by 0.1 percent (about 25.6 thousand persons), 430.0 thousand employment opportunities were added to the number of available job opportunities. Accordingly, the unemployed population decreased by 12.3 percent (roughly 404.4 thousand persons). Meanwhile, the unemployment rate declined by 1.5 percentage points, from 12.2 percent in 2018/19 to 10.7 percent in 2019/20.

8.1. Population and Human Resource

According to the SCI, Iran's total population rose by 1.2 percent, compared with the year before, to reach 83.1 million in 2019/20. The urban population grew by 1.7 percent to 62.4 million, while the rural population decreased by 0.2 percent to 20.7 million. In the year under review, 75.1

percent of the population were residing in urban areas, up by 0.4 percentage point. Sex ratio (the number of males per 100 females) reached 102.3 in 2019/20. Meanwhile, the number of households increased by 2.0 percent to 25.7 million. Of all households, 19.6 million were residing in urban areas and 6.1 million were living in rural areas, showing increases by respectively 2.5 and 0.2 percent compared with 2018/19.

Based on statistics released by the National Organization for Civil Registration, births recorded in 2019/20 totaled 1,196.1 thousand, down by 12.5 percent compared with 2018/19. Considering the number of registered deaths at 395.4 thousand, 800.7 thousand people were added to total population (excluding immigration figures). The death rate by gender (male to female death ratio) equaled 130.7 people, indicating an increase compared with 127.6 in the year before. The number of registered deaths rose by 4.9 percent in 2019/20.

Table 8.1. Vital Statistics

(thousand persons)

	2017/18	2018/19	2019/20	Percentage change	
				2018/19	2019/20
Registered births	1,487.9	1,366.5	1,196.1	-8.2	-12.5
Registered deaths ▲	376.3	377.0	395.4	0.2	4.9

Source: National Organization for Civil Registration

8.2. Labor Market

Like any other market in the economy, labor market¹ is composed of supply and demand sides. The "economically active population" and "participation rate" are the important indicators of the supply side, while the "number of employment opportunities created in different economic sectors" is a significant index on 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 15 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. The type of activity, wage levels, contract types, and working hours affect demand by economic firms. On top of this, sociocultural developments also have their impact on the labor market trends. Taking into account the mentioned factors, the Iranian labor market had a favorable situation in 2019/20. Except for the participation rate, the other components of the labor market (the economically active population, the employed population, the unemployment rate, and the unemployed population) had a more favorable performance in 2019/20 than in 2018/19.

¹ Considering social developments and the concomitant change in the minimum age for entering the labor market and in full compliance with the standards of the International Labor Organization, the SCI publishes the results of its labor force census for 2019/20 onward based on the **population of 15 years of age and over**. Thus, relevant indices of previous years, which had been released based on the population of 10 years old and over, have been revised for the year under review.

8.2.1. Labor Supply

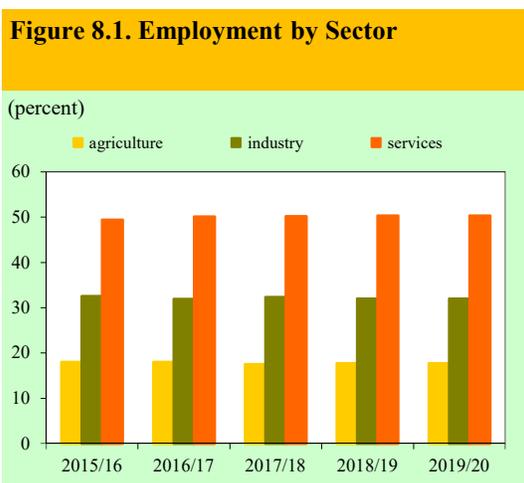
Labor supply is affected by general demographic developments, particularly in the population of 15 years old and over. This population group experienced a rise of 1.1 percent, compared with 2018/19, to reach 61.7 million in 2019/20. The economically active population rose by 0.1 percent to about 27.2 million, 21.9 million of whom were men and the remaining 5.2 million were women. The economically active population of men increased by 0.7 percent to 21.9 million, while that of women decreased by 2.2 percent to 5.2 million. The economically active population consisted of 20.2 million urban and 6.9 million rural dwellers. Meanwhile, participation rate reached 44.1 percent in 2019/20, down by 0.4 percentage point. The lower increase in the economically active population (0.1 percent) compared with a rise of 1.1 percent in the population of 15 years old and over lowered the participation rate. Participation rates for urban and rural areas reached respectively 43.0 and 47.3 percent, down by 0.5 and 0.2 percentage point, and those for men and women decreased by 0.3 and 0.6 percentage point to 71.1 and 17.0 percent, respectively.

8.2.2. Labor Demand

Comparing employment across various economic sectors shows that the population employed in the services, industry, and agriculture sectors in 2019/20 totaled 24.3 million. This indicated an increase in the number of available jobs by 430.0 thousand (1.8 percent) compared with 2018/19, with 217.5 thousand, 143.0 thousand, and 71.3 thousand job opportunities² created in the services, industry, and agriculture sectors, respectively.

² The discrepancy between the sum total of jobs created in the services, industry, and agriculture sectors (431.8 thousand) and the rise in jobs generated in the whole economy (430.0 thousand) is due to the jobs lost 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. Compared with the corresponding figures of the year before, the mentioned percentages have remained unchanged.



Reviewing data on new employment opportunities based on gender indicates that of total 430 thousand job opportunities created in 2019/20, 448.9 thousand jobs were added to male employment, while 18.9 thousand jobs were reduced from female employment. Thus, the share of female employment in total employment decreased from 18.2 percent in 2018/19 to 17.8 percent in 2019/20.

8.2.3. Unemployment

The unemployed population fell by 12.3 percent in 2019/20 to 2.9 million people and the unemployment rate decreased by 1.5 percentage points to reach 10.7 percent. Unemployment rate for both women and men decreased by 1.5 percentage points to 17.5 and 9.0 percent, respectively. Unemployment rates of urban and rural areas were 11.8 and 7.3 percent, down by 1.8 and 0.7

percentage points, respectively. Continued droughts in recent years, which led to the migration of rural job seekers to cities, have been an important factor behind the higher unemployment rate in urban areas.

8.2.4. Facilities Extended for Employment Generation

The Central Bank releases instructions annually on the allocation of facilities out of banks' Gharz-al-hasaneh resources to self-employed households and home-based businesses. Accordingly, in 2019/20, a sum of Rls. 22 trillion worth of facilities was allocated to the beneficiaries of State Welfare Organization and Imam Khomeini Relief Foundation for employment generation, and Rls. 1.1 trillion was extended to home-based businesses. A comparison of the said Rls. 22 trillion with the quota originally approved by the Central Bank (Rls. 50 trillion) indicates that 44.0 percent of the approved amount for employment generation was realized, as against 87.0 percent in the year before. Comparing the mentioned Rls. 1.1 trillion with the amount approved to be allocated to home-based businesses (Rls. 2 trillion) indicates a realization rate of around 57.3 percent, as against 79.8 percent in 2018/19. The reduction in the performance/approved ratio of employment generation facilities by 43.0 percentage points in 2019/20 compared with 2018/19 was due to the fact that the quota approved for 2019/20 was 2.5 times that of the quota approved for 2018/19.

Based on data released by the Ministry of Cooperatives, Labor, and Social Welfare, Rls. 22.9 trillion was allocated by the agent banks to the Comprehensive Employment Project (as per the Executive Bylaws on Paragraphs (A) and (B), Note (18), Budget Laws for 2017-2020) by February 27, 2020. Meanwhile, Rls. 105.7 trillion was allocated to "Employment in Rural and Nomadic

Chapter 8 LABOR MARKET DEVELOPMENTS AND HUMAN RESOURCE

Areas" Project, in accordance with the disbursement of the rial equivalent of \$1,500 million out of the financial resources of the NDFI. This was to be leveraged with banks' resources for allocation 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. The said measure was adopted in line with the Executive Bylaw on Support for Development of Sustainable Employment in Rural and Nomadic Communities, Utilizing the NDFI's Resources. It is projected that 41.4 thousand and 241.3 thousand new job opportunities should be generated out of the allocation of these resources to the said projects, respectively.

8.2.5. Unemployment Insurance Fund

The number of pensioners benefiting from the Unemployment Insurance Fund

decreased by 5.5 percent to 225.9 thousand in 2019/20, which is very low compared with the number of the unemployed in the mentioned year (2,893.6 thousand). The number of pensioners added to the Fund in 2019/20 was 215.8 thousand. Therefore, the number of people enjoying unemployment benefits in the year under review reached 455.0 thousand¹.

Table 8.3. Performance of Unemployment Insurance Fund (thousand persons)

	2018/19	2019/20	Percentage change
Beneficiaries	239.2	225.9	-5.5
New beneficiaries	251.4	215.8	-14.2
Ceased benefits	214.7	229.0	6.7

Source: Social Security Organization (SSO)

Table 8.2. Population and Labor Market Developments¹ (thousand persons)

	2017/18	2018/19	2019/20	Percentage change ²	
				2018/19	2019/20
Population of 15 years old and over	59,954	61,001	61,666	1.7	1.1
Economically active	26,504	27,142	27,167	2.4	0.1
Employed	23,297	23,844	24,274	2.3	1.8
Unemployed	3,207	3,298	2,894	2.8	-12.3
Participation rate (percent)	44.2	44.5	44.1	0.3	-0.4
Unemployment rate (percent)	12.1	12.2	10.7	0.1	-1.5
Urban areas	13.3	13.6	11.8	0.3	-1.8
Rural areas	8.1	8.0	7.3	-0.1	-0.7
Men	10.2	10.5	9.0	0.3	-1.5
Women	19.9	19.0	17.5	-0.9	-1.5
Youth (15-24 years old)	28.4	27.7	26.0	-0.7	-1.7
Urban areas	31.9	31.6	29.1	-0.3	-2.5
Rural areas	20.7	18.9	19.1	-1.8	0.2
Youth (18-35 years old)	..	19.6	17.9	θ	-1.7
Urban areas	..	21.5	19.6	θ	-1.9
Rural areas	..	13.8	12.9	θ	-0.9

Source: Statistical Center of Iran (SCI). ¹Figures are not comparable with the previous year, as they have been revised based on the population of 15 years old and over. The figures for previous years were calculated based on the population of 10 years old and over. ²Changes in participation rate and unemployment rate are in percentage points.

¹ The reason behind the discrepancy between this figure (455.0 thousand) and the figure calculated based on Table 8.3. (441.7 thousand) is that the number of beneficiaries in each year comprises benefits started in that year plus beneficiaries remaining from the previous year-end.

The unemployment benefits for 229.0 thousand beneficiaries were cut in 2019/20, mainly attributable to the termination of the eligibility period, accounting for 60.1 percent of benefit cuts. Other reasons included finding a new job with a share of 30.5 percent, followed by "retirement, disability, decease, and absence from vocational-technical classes" by a total of 9.4 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 5.4 percent compared with 2018/19 to reach Rls. 2,836.8 thousand.

8.2.6. Wages and Salaries

To promote social justice in the economy and to protect the low-skilled labor force, governments usually adopt a minimum wage policy. The Iranian government is in charge of setting the minimum wage for workers and the salary index for civil servants annually. According to Article (41), Labor Law approved in 1990, the Supreme Labor Council is the body in charge of setting the minimum wage for workers. In 2019/20, the

nominal minimum wage (covering one whole month) was determined at Rls. 15.2 million, showing an increase of 36.5 percent compared with the year before. Based on the approvals by the Cabinet, the salary index for civil servants was set at 2,120 points in 2019/20 as compared with 1,797 points in 2018/19. This is indicative of a growth rate of 18.0 percent which, given an inflation rate of 41.2 percent for 2019/20, shows a decline in wages and salaries in real terms.

8.3. Education

8.3.1. General Education

The number of school age students¹ reached 15.7 million in the academic year 2019/20, up by 2.2 percent compared with 2018/19. The number of students in primary schools, 1st period of middle schools, and 2nd period of middle schools (plus vocational-technical schools and skills training centers) increased by 2.8, 3.3 and 2.5 percent, respectively. About 42.9 percent of male and 26.8 percent of female middle school students (2nd period) attended skills training centers and vocational-technical schools, indicating the higher tendency on the part 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
2018/19	Thousand persons	214.7	134.8	62.3	17.6
	Share (percent)	100.0	62.8	29.0	8.2
2019/20	Thousand persons	229.0	137.6	69.9	21.5
	Share (percent)	100.0	60.1	30.5	9.4

Source: Social Security Organization (SSO)

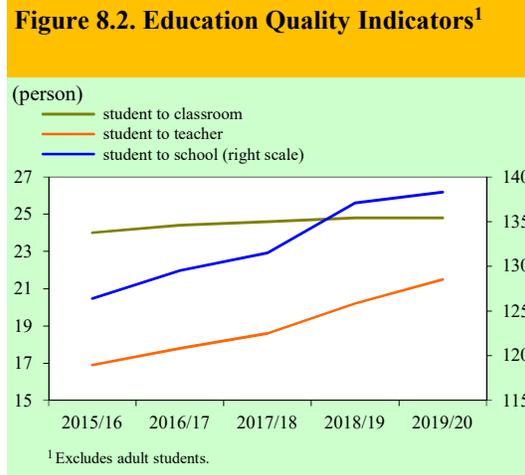
¹ Includes students of preschools, primary schools, 1st period of middle schools, 2nd period of middle schools (vocational-technical schools and skills training centers), as well as adult students.

Chapter 8 LABOR MARKET DEVELOPMENTS AND HUMAN RESOURCE

The number of students in private schools increased by 12.1 percent in the academic year 2019/20. The continued increase in the number of students at private schools indicates that families are more interested in education methods and services provided by private schools. Thus, the share of students at private schools in the total number of students (excluding preschools and adult students) increased from 12.9 percent in the academic year 2018/19 to 14.0 percent in 2019/20. The share of students of private schools in the number of students in all educational stages increased in 2019/20.

The number of schools rose by 1.6 percent to 117.7 thousand (including adult students) and the number of classrooms increased by 2.7 percent to 621.9 thousand (excluding adult students). Moreover, the number of teachers decreased by 3.6 percent to 717.0 thousand. Accordingly, the student-school ratio (excluding adult students) rose from 137.1 in 2018/19 to 138.3 in 2019/20. The student-teacher ratio (excluding adult students) grew by 1.3 points to 21.5 persons, mainly due to the fall in the number of teachers against a rise in that of the students. The student-teacher ratio was 29.4 for primary schools (including pre-schools). This ratio was 18.4 in the 1st period of middle schools and 12.5 in the 2nd period

of middle schools. The student-classroom ratio (excluding adult students) remained unchanged at 24.8 persons.



8.3.2. Higher Education

In 2019/20, the number of university students decreased by 5.6 percent to 3,183.0 thousand, with the number of students in all academic fields, excluding "education" and "services" declining. "Engineering, manufacturing, and construction; Information and Communication Technologies (ICTs)" experienced the highest decrease by 10.1 percent, followed by "social sciences, journalism and information; business, administration and law" by 8.8 percent.

Table 8.5. Number of University Students

(thousand persons)

	Academic year		Percentage change		Share (percent)	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
Public universities¹	2,173.6	2,060.5	-5.0	-5.2	64.4	64.7
Women	1,080.6	1,037.9	-3.9	-4.0	32.0	32.6
Men	1,093.0	1,022.7	-6.2	-6.4	32.4	32.1
Islamic Azad University	1,199.7	1,122.4	-9.6	-6.4	35.6	35.3
Women	523.9	506.4	-6.6	-3.3	15.5	15.9
Men	675.9	616.1	-11.7	-8.8	20.0	19.4
Total	3,373.4	3,183.0	-6.7	-5.6	100.0	100.0

Source: Ministry of Science, Research and Technology; 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.