

LABOR MARKET DEVELOPMENTS AND HUMAN RESOURCE

In 2020/21, following the outbreak of COVID-19 characterized by the stringency of stay-at-home restrictions and the necessity of observing health protocols, some business establishments were closed in the services sector while others temporarily ceased to operate. This resulted in the economically active population's leaving the labor market which, in turn, lowered the participation rate compared with the year before. To offset the adverse economic effects of COVID-19, the CBI's and the banking network's measures were focused on formulating and implementing several policy packages in coordination with the National Taskforce for Combating COVID-19, aimed at increasing the purchasing power of households and preventing business closures.

9.1. Population and Human Resource

According to the SCI, Iran's total population rose by 0.8 percent, compared with the year before, to 83.4 million persons in 2020/21. The urban population grew by 1.4 percent to 63.1 million, while the rural

population decreased by 0.8 percent to 20.4 million persons. In the year under review, 75.6 percent of the population were residing in urban areas, up by 0.4 percentage point compared with 2019/20. Sex ratio (the number of males per 100 females) reached 102.2 in 2020/21. Meanwhile, the number of households increased by 1.6 percent to 26.0 million. Of all households, 19.9 million were residing in urban areas, up by 2.2 percent, and 6.0 million were living in rural areas, down by 0.3 percent, compared with the year before.

Based on the statistics released by the National Organization for Civil Registration, births recorded in 2020/21 totaled 1,114.1 thousand, down by 6.9 percent compared with 2019/20. Considering the number of registered deaths at 511.9 thousand, 602.2 thousand people were added to total population (excluding immigration figures). The death rate by gender (male-to-female death ratio) equaled 129.8 people, indicating a fall compared with 130.8 in the year before. The number of registered deaths in 2020/21, affected by COVID-19, rose by 29.5 percent.

Table 9.1. Vital Statistics

(thousand persons)

	2018/19	2019/20	2020/21	Percentage change	
				2019/20	2020/21
Registered births	1,366.5	1,196.1	1,114.1	-12.5	-6.9
Registered deaths	377.2	395.3	511.9	4.8	29.5

Source: National Organization for Civil Registration

9.2. Labor Market

Like any other market in the economy, the labor market 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 job 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 of age 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 of whether or not to enter the labor market, participation in skills training courses, job-seeking procedures, and wage levels. On the other hand, the type of activity, wage levels, contract types, and working hours affect demand by economic firms. On top of this, sociocultural developments have their impact on the labor market trends. In 2020/21, the labor market was adversely affected by the COVID-19 pandemic with "clothing and footwear", "restaurants and hotels", "travel", "transport", and "education" business activities being mostly affected in terms of both sales and employment. However, online businesses, electronic payment service providers, health and medical centers, manufacturers of cleaners and disinfectants, and large chain stores experienced growth in both the employment levels and sales.

9.2.1. 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 1.2 percent, compared with 2019/20, to reach 62.4 million in 2020/21. Due to the outbreak of COVID-19, the economically active population decreased by 5.3 percent (1.4 million persons) to about 25.7 million. Accordingly, the economically active population of men decreased by 2.4 percent (527.2 thousand persons) to 21.4 million and that of women decreased by 17.2 percent (902.8 thousand persons) to 4.3 million persons. The economically active population in the labor market consisted of about 19.3 million urban and 6.5 million rural dwellers.

Meanwhile, the participation rate reached 41.3 percent in 2020/21, down by 2.8 percentage points compared with 2019/20. A decrease of 5.3 percent in the economically active population, along with an increase of 1.2 percent in the population of 15 years old and over led to a reduction in the participation rate compared with the year before. The participation rate in urban areas decreased by 2.6 percentage points to 40.4 percent and that in rural areas fell by 3.1 percentage points to 44.2 percent. Furthermore, the participation rate of men declined by 2.4 percentage points compared with 2019/20, to reach 68.7 percent in 2020/21 and that of women decreased by 3.1 percentage points to 13.9 percent. Based on the SCI's report, 13.7 million persons were either university graduates or still studying at university in 2020/21, of whom 7.2 million were economically active, while 6.5 million persons were inactive in the labor market. Accordingly, the participation rate of the educated community was 52.7 percent in 2020/21, indicating a decrease compared with the last year's figure (57.0 percent).

Table 9.2. Population and Labor Market Developments

(thousand persons)

	2018/19	2019/20	2020/21	Percentage change ¹	
				2019/20	2020/21
Population of 15 years old and over	61,001	61,666	62,376	1.1	1.2
Economically active	27,142	27,167	25,737	0.1	-5.3
Employed	23,844	24,274	23,263	1.8	-4.2
Unemployed	3,298	2,894	2,474	-12.3	-14.5
Participation rate (percent)	44.5	44.1	41.3	-0.4	-2.8
Unemployment rate (percent)	12.2	10.7	9.6	-1.5	-1.1
Urban areas	13.6	11.8	10.4	-1.8	-1.4
Rural areas	8.0	7.3	7.2	-0.7	-0.1
Men	10.5	9.0	8.4	-1.5	-0.6
Women	19.0	17.5	15.6	-1.5	-1.9
Youth (15-24 years old)	27.7	26.0	23.7	-1.7	-2.3
Urban areas	31.6	29.1	26.0	-2.5	-3.1
Rural areas	18.9	19.1	18.4	0.2	-0.7
Youth (18-35 years old)	19.6	17.9	16.7	-1.7	-1.2
Urban areas	21.5	19.6	17.9	-1.9	-1.7
Rural areas	13.8	12.9	12.9	-0.9	0.0

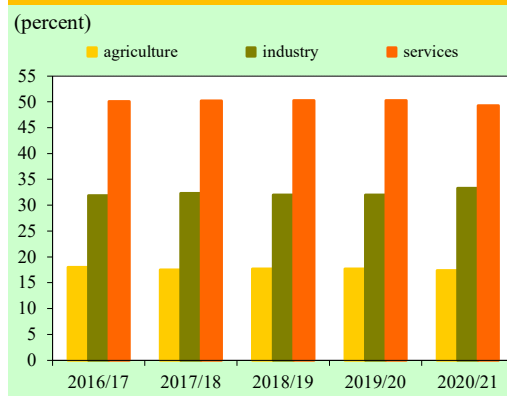
Source: Statistical Center of Iran (SCI).

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

9.2.2. Labor Demand

Comparing employment across various economic sectors shows that the population employed in the services, industry, and agriculture sectors in 2020/21 totaled 23.3 million. This indicated a decrease in the number of available jobs by 1.0 million (4.2 percent) compared with 2019/20. The services sector experienced the highest job losses during the outbreak of COVID-19 by 743.3 thousand, followed by the agriculture sector with 249.7 thousand and the industry sector with 17.5 thousand¹. The services sector had the highest share in employment by 49.3 percent, followed by industry and agriculture sectors by 33.3 and 17.4 percent, respectively. Compared with 2019/20, the shares of the services and agriculture sectors declined, while the share of the industry sector experienced growth. Reviewing data on new employment opportunities by gender indicates that 662.9 thousand and 347.6 thousand jobs were reduced from female and

male employment, respectively, pointing out the higher susceptibility of women to the negative developments of the labor market. Thus, the share of female employment in total employment decreased from 17.8 percent in 2019/20 to 15.7 percent in 2020/21.

Figure 9.1. Employment by Sector

¹ The discrepancy between the sum total of jobs lost in the services, industry, and agriculture sectors (1,010.5 thousand) and the number of jobs lost in the whole economy (1,011 thousand) is due to the jobs lost in unspecified fields.

9.2.3. Unemployment

In 2020/21, the unemployed population fell by 14.5 percent (almost 419.5 thousand persons) to 2.5 million people and the unemployment rate decreased by 1.1 percentage points to 9.6 percent. The unemployment rate of men decreased by 0.6 percentage point to 8.4 percent and that of women fell by 1.9 percentage points to 15.6 percent. Moreover, the unemployment rate in urban areas was 10.4 percent, down by 1.4 percentage points. In rural areas, the unemployment rate fell by 0.1 percentage point to 7.2 percent. Continued droughts and water scarcity in recent years, which led to the migration of rural job seekers to cities, have led, more than other factors, to higher growth in the unemployment rate in urban areas than that in rural areas.

9.2.4. Facilities Extended for Employment Generation

The CBI releases instructions annually on the allocation of facilities out of banks' Gharz-al-hasaneh resources to self-employed households and home-based businesses. Based on latest data, in 2020/21, a sum of Rls. 54.4 trillion worth of Gharz-al-hasaneh facilities was allocated to employment generation by public and private banks as well as credit institutions. Out of this sum, in accordance with Note (16) of the Budget Law for 2020/21, Rls. 52.5 trillion worth of facilities was disbursed to the beneficiaries of the State Welfare Organization, Imam Khomeini Relief Foundation, and Barakat Foundation, as well as the war veterans for employment generation, and the remaining Rls. 1.9 trillion was allocated to home-based businesses out of banks' Gharz-al-hasaneh sources in accordance with the Law on Organizing and Supporting Home-based Businesses. Based on the Budget Law for 2020/21, the value of credits approved to be allocated to the said employment generation

objectives totaled Rls. 82 trillion which, compared with the amount actually allocated (Rls. 54.4 trillion), indicates a performance of 66.3 percent, as against 44.5 percent in 2019/20. Based on data released by the Ministry of Cooperatives, Labor, and Social Welfare, as of 2017 until March 2021, a sum of Rls. 23.0 trillion was allocated by the agent banks to the Comprehensive Employment Project¹ and Rls. 124.3 trillion worth of facilities was disbursed to the Employment in Rural and Nomadic Areas Project². On this basis, 41.4 thousand new job opportunities were generated out of the allocation of resources to the Comprehensive Employment Project and 264.4 thousand were generated out of the Employment in Rural and Nomadic Areas Project.

9.2.5. Unemployment Insurance Fund

The number of pensioners benefiting from the Unemployment Insurance Fund decreased by 5.3 percent to 214.0 thousand in 2020/21, which is very low compared with the number of the unemployed in this year (about 2,474.1 thousand). The number of pensioners added to the Fund in 2020/21 was 202.0 thousand. Therefore, the number of people enjoying unemployment benefits in the year under review reached 427.9 thousand³.

¹ As per the Executive Bylaws on Paragraphs (A) and (B), Note (18), Budget Law for 2017/18 and Paragraph (A), Note (18), Budget Laws for 2018/19, 2019/20, and 2020/21.

² Disbursement of the rial equivalent of \$1,500 million out of the financial resources of the NDFI, 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 and with the priority to be given to border and nomadic areas, in line with the Executive Bylaw on "Support for Development of Sustainable Employment in Rural and Nomadic Communities, Utilizing the Resources of the NDFI".

³ The reason behind the discrepancy between this figure (427.9 thousand) and the figure calculated based on Table 9.3. (416.0 thousand) is that the number of beneficiaries in each year comprises benefits started in that year plus beneficiaries remaining from the previous year-end.

Table 9.3. Performance of Unemployment Insurance Fund (thousand persons)

	2019/20	2020/21	Percentage change
Beneficiaries	225.9	214.0	-5.3
New beneficiaries	215.8	202.0	-6.4
Ceased benefits	229.0	213.9	-6.6

Source: Social Security Organization (SSO)

The unemployment benefits for 213.9 thousand beneficiaries were cut in 2020/21, mainly attributable to the termination of the eligibility period, accounting for 63.9 percent of benefit cuts. Other reasons included finding a new job with a share of 24.8 percent, followed by "retirement, disability, decease, and absence from vocational-technical classes" with a share of 11.3 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 decreased by 15.6 percent compared with 2019/20 to reach Rls. 2,394.6 thousand.

9.2.6. 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 2020/21, the nominal minimum wage (covering one whole month) was determined at Rls. 19.1¹ million, showing an increase of 25.9 percent compared with the year before. Based on the approvals by the Cabinet, the salary index for civil servants was set at 2,438 points in 2020/21 as compared with 2,120 points in 2019/20. This is indicative of a growth rate of 15.0 percent which, given an inflation rate of 47.1 percent for 2020/21, shows a decline in real wages and salaries.

Table 9.4. Ceased Benefits and Reasons

		Total ceased benefits	Termination of the eligibility period	Finding a new job	Other ¹
2019/20	Thousand persons	229.0	137.6	69.9	21.5
	Share (percent)	100.0	60.1	30.5	9.4
2020/21	Thousand persons	213.9	136.7	53.1	24.2
	Share (percent)	100.0	63.9	24.8	11.3

Source: Social Security Organization (SSO)

¹ Includes retirement, disability, decease, and absence from vocational-technical classes.

¹ According to the Approval of the Supreme Labor Council dated June 6, 2020, the monthly minimum wage for 2020/21 was raised from Rls. 18.4 million to Rls. 19.1 million.

9.3. Education

9.3.1. General Education

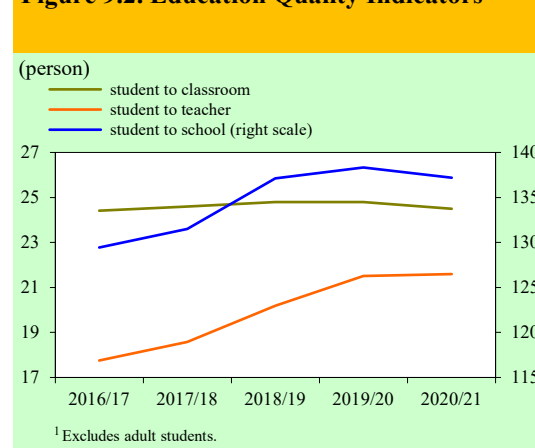
The number of school age students¹ reached 15.6 million in the academic year 2020/21, down by 0.7 percent compared with 2019/20. The number of students in primary schools, 1st period of middle schools, and 2nd period of middle schools (plus vocational-technical schools and skills training centers) increased by 1.8, 3.5 and 3.0 percent, respectively. On the contrary, the number of students in preschools declined by 39.5 percent and that of adult students fell by 18.5 percent. About 42.5 percent of male and 27.3 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.

The number of students in private schools decreased by 15.0 percent in the academic year 2020/21. Thus, the share of students at private schools in the total number of students (excluding preschools and adult students) decreased from 14.0 percent in the academic year 2019/20 to 11.6 percent in 2020/21. The major factor behind the decline in the number of students in private schools was the shift to online classes during the COVID-19 pandemic. The share of students of private schools in the number of students decreased in all educational stages in 2020/21.

The number of schools increased by 0.7 percent compared with 2019/20, to reach 118.5 thousand in 2020/21 and the number of classrooms rose by 1.0 percent to 628.2 thousand. The number of teachers, however, decreased by 0.7 percent, compared with the

year before, to 711.7 thousand in 2020/21. Therefore, the student-school ratio decreased from 138.3 in 2019/20 to 137.2 in 2020/21, while the student-teacher ratio increased by 0.1 point to 21.6 persons and the student-classroom ratio declined by 0.3 point to 24.5 persons². Meanwhile, the number of adults under the coverage of the National Literacy Movement decreased by 22.9 percent compared with the academic year 2019/20, to 295.0 thousand persons in the academic year 2020/21.

Figure 9.2. Education Quality Indicators¹



9.3.2. Higher Education

The number of university students (in both public and private universities) rose by 0.9 percent compared with the year before, to 3,212.0 thousand in 2020/21. The number of students in public universities increased by 2.1 percent compared with 2019/20 to 2,104.4 thousand in 2020/21.

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.

² The occasional discrepancies between the figures given on the ratio of students to classrooms, teachers, and schools in this paragraph with the numbers of students, classrooms, teachers, and schools in Tables (47) and (48) in the Appendix section are due to either the inclusion or the exclusion of the number of adult students in each category.

Conversely, the number of students in Islamic Azad university decreased by 1.3 percent compared with 2019/20 to reach 1,107.7 thousand in 2020/21. This was mainly attributable to a decline of 3.3 percent in the number of male students. Men constituted the higher share of enrollments in the fields of "engineering, manufacturing, and construction", "business, administration and law",

"Information and Communication Technologies (ICTs)", and "services". On the other hand, female students surpassed male students in number in "arts and humanities", "social sciences, journalism and information", "natural sciences, mathematics, and statistics", "education", "health and welfare", and "agriculture, forestry, fisheries, and veterinary" in the year under review.

Table 9.5. Number of University Students

(thousand persons)

	Academic year		Percentage change		Share (percent)	
	2019/20□	2020/21□	2019/20	2020/21	2019/20	2020/21
Public universities¹	2,060.5	2,104.4	-5.2	2.1	64.7	65.5
Women	1,037.9	1,062.5	-4.0	2.4	32.6	33.1
Men	1,022.7	1,041.9	-6.4	1.9	32.1	32.4
Islamic Azad University²	1,122.4	1,107.7	-6.4	-1.3	35.3	34.5
Women	506.4	512.0	-3.3	1.1	15.9	15.9
Men	616.1	595.7	-8.8	-3.3	19.4	18.5
Total	3,183.0	3,212.0	-5.6	0.9	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.

² Islamic Azad University did not release data for 2019/20. Data rendered in this table are based on the estimates of the Ministry of Science, Research, and Technology.